

ELECTRICITY GENERATION LICENCE: SPECIAL CONDITIONS FOR NUCLEAR GENERATOR^{1 2}

Note: This document is intended to be read alongside the Regulated Asset Base Licence Consultation (November 2023) and is subject to the "Disclaimer" within it

¹ **Note:** The intent is that the conditions contained in this document and the appendices will operate as new special conditions to the existing generation licence issued to Sizewell C Limited (“SZC” or “the licensee”). In addition, necessary amendments required to the existing generation licence issued to SZC will be made (for e.g., amendment to paragraph 3 of Part I of SZC’s generation licence).

² **Note:** DESNZ is considering how the PCFM and licence algebra may be simplified.

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PART I. GENERAL

Chapter 1 Construction

Special Condition 1. Interpretation and Definitions

Part A: Interpretation

1. Capitalised terms used in the special conditions have the meaning given to them in Part B (*Definitions*).
 2. Words and expressions used in these special conditions that are not defined in Part B (*Definitions*) but are otherwise defined in the standard conditions have the same meaning in the special conditions as given to them in the standard conditions.
 3. Any reference in these special conditions to a provision of:
 - (a) these special conditions;
 - (b) the standard conditions of electricity generation licences;
 - (c) the Price Control Financial Model;
 - (d) the RIGs; or
 - (e) an Associated Document,must, if these come to be modified, be construed so far as the context permits as a reference to the corresponding provision as modified.
 4. Variable values used in calculations contemplated by this licence (including in relation to the valuation of the Regulated Asset Base and calculation of the Allowed Revenue) may be derived from input data provided by the licensee. Where possible, values provided by the licensee should reflect actual values but, where actual data is not available at the time of submission, the licensee should provide a provisional value either:
 - (a) if applicable, in accordance with the approach specified in the PCFM Handbook; or
 - (b) if the PCFM Handbook does not apply, the licensee's best estimate on the basis of the information available at the time.
 5. Any values provided on a provisional basis must be updated by the licensee in each Charging Year until an accurate value has been substituted, with any interim updates reflecting the most accurate forecast available at that time. Such updates will be reflected in the calculations for that Charging Year in accordance with the true-up process set out in this licence.
 6. Where the subscript '*i*' is used without further numerical notation, the value to be used is for the Charging Year in which the relevant calculation is to be applied, unless
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otherwise stated. A positive or negative numerical notation indicates that the value to be used is for a year after or before that Charging Year_t, and the number indicates how many years after or before. For example, the calculation of the licensee's entitlement to Allowed Revenue for Charging Year_t is performed in Charging Year_{t-1}.

7. In some cases, other subscripts may also be used to denote the value for a specific Charging Year or to denote some other value, and are noted in those conditions.
8. Any values derived by reference to the value of revenues accrued, received or paid by or to the licensee will be the actual sum accrued, received or paid by or to the licensee on the date of such accrual, receipt or payment without any adjustment for inflation or interest after deduction of value added tax (if any) and any other taxes charged directly by reference to the amounts so accrued, received or paid.
9. Where any relevant Charging Year is less than 12 months, any calculation made pursuant to or in accordance with these special conditions will be pro-rated on a daily basis.
10. Unless otherwise stated, any reference in these special conditions to the Authority giving a direction, consent, derogation, approval or designation includes:
 - (a) giving it to such extent, for such a period of time, and subject to such conditions as the Authority considers reasonable in all the circumstances of the case; and
 - (b) revoking or amending it after consulting the licensee.
11. Unless otherwise stated, any reference in these special conditions to the Authority making a determination includes making it subject to such conditions as the Authority considers reasonable in all the circumstances of the case.
12. Any direction, consent, derogation, approval, designation or determination by the Authority will be given or made in writing.
13. All notices or other communications under or in connection with the licence must be in writing. Any such notice or communication will be deemed to have been received:
 - (a) at the time of delivery, if delivered by hand or courier; or
 - (b) at 9.00am on the third Working Day after being deposited in the post, postage prepaid, in an envelope correctly addressed or at the time recorded by the delivery service; or
 - (c) at the time of sending, if sent by electronic mail, provided that receipt shall not occur if the sender receives an automated message indicating that the email has not been delivered to, or received by, the recipient.

14. A reference to “writing” includes a typing, printing, lithography, photography and other modes of representing or reproducing words in a visible form and expressions referring to writing are to be construed accordingly.
15. The introductory text of each special condition does not form part of the special condition and is included for background and/or context.
16. Special condition headings, sub-headings and the introductory text are for ease of reference only and without prejudice to the actual provisions of each special condition.
17. In the event of any conflict or inconsistency between the provisions of the special conditions and any headings, sub-headings or introductory text, the provisions of the special conditions will prevail.
18. Unless otherwise stated in the licence, the licensee must provide any information requested by the Authority as soon as reasonably practicable, or as may otherwise be specified by the Authority in its notice requesting the information.
19. The time periods for the Authority to take any action, issue any notification, or make any determination under or pursuant to these special conditions will be suspended during any period when a request by the Authority for information from the licensee is outstanding.
20. Unless otherwise stated, any use of the word “safety” in these special conditions is to be understood to cover safety across all disciplines, including nuclear safety, environmental safety, and public and employee health and safety (as applicable).
21. Use of the word “including” means including without limitation, and “include” will be construed accordingly.
22. The expression “**holding company**” shall have the meaning ascribed to it by section 1159 of the Companies Act 2006 and the expressions “**parent undertaking**” and “**subsidiary undertaking**” shall have the meanings respectively ascribed to them by section 1162 of the Companies Act 2006.
23. Use of the singular includes the plural and vice versa.
24. Words denoting any gender includes any other gender.
25. The provisions of these special conditions are to be read and understood as if they were in an Act of Parliament and the Interpretation Act 1978 applied to them.

Part B: Definitions

26. In these special conditions, unless the context otherwise requires, defined terms have the meanings given to them in the table below.

27. Where the table below states that a defined term has the meaning given to it by:

- (a) another condition of this licence;
- (b) the Price Control Financial Instruments;
- (c) the RIGs; or
- (d) an Associated Document,

the defined term is to have the meaning given in that provision or document as amended from time to time.

ACI Weighting Factor (Capex)	means the weighting factor derived on the basis of the relative distribution of Actual Allowable Capital Spend (ACI) across each Delivery Area in a Charging Year, calculated in accordance with Part B (<i>Process for determining the Cumulative Actual Allowable Capital Spend and the Weighted Average ACI (Capex)</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>) and used to determine the Weighted Average ACI (Capex)
ACI Weighting Factor (Opex)	means the weighting factor derived on the basis of the relative distribution of Actual Allowable Operational Spend (ACI) across each Delivery Area in a Charging Year, calculated in accordance with Part B (<i>Process for determining the Cumulative Actual Allowable Operational Spend and the Weighted Average ACI (Opex)</i>) of Special Condition 37 (<i>Opex Building Block</i>) and used to determine the Weighted Average ACI (Opex)
Act	means the Electricity Act 1989
Act of God	means an event caused solely by the effect of nature or natural causes and without any interference by humans whatsoever, deeming them unpreventable or impossible to guard against including a fire, earthquake, cyclone, hurricane, flood, drought, lightning, storms, storm warnings, navigational and maritime perils
Actual Additional Allowable Spend	means the amount (if any) of the Additional Allowable Spend that the licensee incurred in the relevant Charging Year during the Pre-PCR Phase denoted in subscript, deflated to real (Base Year) prices by CPIH

Actual Additional Allowable Spend (Nominal)	means the amount (if any) of the Additional Allowable Spend that the licensee incurred in the relevant Charging Year during the Pre-PCR Phase denoted in subscript, in nominal prices
Actual Allowable Capital Spend or AACS	means, in respect of a Charging Year, the actual amount of Allowable Capital Spend (up to the Higher Regulatory Threshold) that the licensee incurs in the relevant Charging Year denoted in subscript, deflated to real (Base Year) prices [by CPIH or ACI (as the context requires)]
Actual Allowable Capital Spend (ACI)	means, in respect of a Charging Year, Actual Allowable Capital Spend deflated to real (Base Year) prices by ACI
Actual Allowable Capital Spend (CPIH)	means, in respect of a Charging Year, Actual Allowable Capital Spend deflated to real (Base Year) prices by CPIH
Actual Allowable Capital Spend (Nominal) or AANCS	means, in respect of a Charging Year, the actual amount of Allowable Capital Spend (up to the Higher Regulatory Threshold) that the licensee incurs in the relevant Charging Year denoted in subscript, in nominal prices
Actual Allowable Operational Spend	means the amount of Allowable Operational Spend that the licensee incurs in the relevant Charging Year denoted in subscript, deflated to real (Base Year) prices [by CPIH or ACI (as the context requires)]
Actual Allowable Operational Spend (ACI)	means, in respect of a Charging Year, Actual Allowable Operational Spend deflated to real (Base Year) prices by ACI
Actual Allowable Operational Spend (CPIH)	means, in respect of a Charging Year, Actual Allowable Operational Spend deflated to real (Base Year) prices by CPIH
Actual Allowable Operational Spend (Nominal)	means the amount of Allowable Operational Spend that the licensee incurs in the relevant Charging Year denoted in subscript, in nominal prices
Actual Capacity	means, in respect of either or both Units, the actual electrical output in MWe it is capable of producing as demonstrated by the most recent Output Testing
Actual Corporation Tax Liability	means the value as shown in the licensee's Company Tax Return (CT600) as submitted to His Majesty's Revenue

	and Customs relating to the licensee together with any other tax liabilities or allowances of the licensee
Actual Electrical Output	means, in relation to a Charging Year or any other timeframe (as the context requires) the electrical output in MWhrs of the Plant that was exported to the grid in such timeframe, as demonstrated by metering records
Actual Electricity Revenue	means, in relation to a Charging Year _{t-2} , the actual amount of revenue received by the licensee for the sale of the Actual Electrical Output during that Charging Year
Actual Market Revenue	means, in relation to a Charging Year _{t-2} , the aggregate of the Actual Electricity Revenue and the Actual Supplemental Revenue
Actual Social Benefits and Communications Costs	means the amount of Allowable Social Benefits and Communications Costs that the licensee actually incurs in the relevant Charging Year denoted in subscript, deflated to real (Base Year) prices by CPIH
Actual Supplemental Revenue	means, in relation to a Charging Year _t , the actual Supplemental Revenue that the licensee in that Charging Year received as reported to the Authority by the licensee in the subsequent Charging Year
Actual Totex Spend	means, in respect of a Charging Year, the actual Totex Spend that the licensee incurs in that Charging Year
Actual UCF	means the actual Unit Capability Factor for a Charging Year, determined in accordance with paragraph 16 of Special Condition 55 (<i>Availability Incentive</i>)
Additional Allowable Spend	means the value (if any) of additional Allowable Capital Spend that has been approved by the Secretary of State in the response to an IAR Application
Additional Closing Regulated Asset Base or Additional Closing RAB	means in respect of any Charging Year, the closing value in that Charging Year of the portion of the RAB in respect of any Actual Additional Allowable Capital Spend incurred up to and including that Charging Year and calculated in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>)

Additional Opening Regulated Asset Base or Additional Opening RAB	means in respect of any Charging Year, the opening value in that Charging Year of the portion of the RAB in respect of any Actual Additional Allowable Capital Spend incurred up to that Charging Year and calculated in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>)
Additional Return on Capital Building Block or ARoC	means the building block applicable to the calculation of additional Allowed Revenue described in Part A (<i>Additional Return on Capital Building Block during the Pre-PCR Phase</i>) of Special Condition 32 (<i>Additional Return on Capital Building Block during the Pre-PCR Phase</i>)
Adjusted Closing RAB (Current Prices)	means, in respect of any Charging Year, the Closing RAB indexed by year-end CPIH for that Charging Year and stated by the Authority in accordance with Part D (<i>Authority Stated RAB in the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>) or Part D (<i>Authority Stated RAB in the Operations Phase</i>) of Special Condition 45 (<i>Valuation of the Regulated Asset Base during the Operations Phase</i>), as relevant
Affiliate	means, in relation to any person: (a) any holding company of such person; (b) any Subsidiary of such person; or (c) any Subsidiary of a holding company of such person, but will not include His Majesty's Government or any entity that is under the control of His Majesty's Government
Aggregate Capacity Incentive	means the aggregate of: (a) any PCR Capacity Incentive that has been applied pursuant to and in accordance with Special Condition 29 (<i>PCR Capacity Incentive</i>); and (b) any Through Life Capacity Incentive that has been applied pursuant to and in accordance with

	Special Condition 46 (<i>Through Life Capacity Incentive</i>)
Agreed Construction Indices or ACI	means, for each Delivery Area, the [basket of proxy indices set and calibrated for each Delivery Area as set out in [●]] ³
Agreed Supply Chain Contracts	means: <ul style="list-style-type: none"> (a) each supply chain contract entered into prior to or as at the Licence Modification Date that has been approved by the Secretary of State; (b) each supply chain contract entered into following the Licence Modification Date in a form that has been pre-approved by the Secretary of State prior to the Licence Modification Date; (c) each supply chain contract approved, from time to time, by the Authority; and (d) each supply chain contract, or series of related contracts, with an aggregate contract price of less than £[●], and, in each case other than in respect of sub-paragraph (d), as specifically listed in [●] (as amended from time to time) ⁴
Agreed Upon Procedures	means procedures from time to time agreed between the Authority, the Appropriate Auditor, and the licensee for the purpose of enabling the Appropriate Auditor to review and report to the Authority on matters relating to: <ul style="list-style-type: none"> (a) in the case of Standard Condition B16 (<i>Regulatory Accounts</i>), the licensee’s compliance with the obligations set out in that standard condition; and (b) in the case of Special Condition 21 (<i>Regulatory Instructions and Guidance (RIGs)</i>), the licensee’s provision of Specified Information
Allowable Capital Spend	means any expenditure incurred or to be incurred by the licensee [directly] in connection with the Project [(as

³ **Note:** This definition is under development.

⁴ **Note:** This definition remains subject to ongoing discussion and review.

	described in the Project Specification)] ⁵ during the Pre-PCR Phase, other than any Excluded Capital Spend
Allowable Operational Spend ⁶	<p>means all expenditure incurred or to be incurred by the licensee directly in connection with the Project during the Pre-PCR Phase, other than any Excluded Operational Spend, which relates to the following specified operational costs categories only:</p> <ul style="list-style-type: none"> (a) costs in relation to operation and maintenance, including: <ul style="list-style-type: none"> (i) planned works and maintenance in accordance with the licensee’s asset management policies and technical standards; (ii) unplanned works and maintenance; and (iii) safety critical operational expenditure; (b) Strategic Spares; (c) nuclear fuel costs; (d) insurance premia (including third-party insurances and premia payable under the Supplemental Compensation Agreement); (e) Labour Costs; (f) Bulk Chemicals and gas oil; and (g) costs of staff directly employed by the licensee and associated central management functions
Allowable Project Spend	means the Allowable Capital Spend, Allowable Operational Spend and Allowable Social Benefits and Communication Spend
Allowable Social Benefits and Communications Costs	<p>means any expenditure incurred or to be incurred by the licensee in a Charging Year which relates to any of the following:</p> <ul style="list-style-type: none"> (a) social value and other initiatives incurred in the course of delivering the Project in a manner which promotes environmental and social goals; (b) initiatives to promote the pipeline of available workforce for the Project;

⁵ **Note:** Subject to provision of a sufficiently detailed Project Specification, the reference to “directly” will be removed.

⁶ **Note:** Categories of Allowable Operational Spend remain subject to further consideration.

	(c) costs in respect of PR, advertising or publicity which solely relate to the Project or any initiatives put in place pursuant to paragraphs (a) or (b)
Allowed Revenue	<p>means the allowed revenue determined by:</p> <p>(a) the Authority, from time to time, in accordance with:</p> <p>(i) for any Charging Year during the Pre-PCR Phase, Special Condition 30 (<i>Allowed Revenue during the Pre-PCR Phase</i>); and</p> <p>(ii) for any Charging Year during the Operations Phase, Special Condition 47 (<i>Allowed Revenue during the Operations Phase</i>); or</p> <p>(b) if relevant, the CMA in accordance with Special Condition 11 (<i>References to the Competition and Markets Authority</i>)</p>
Allowed Revenue Floor	means the amount of the Base Revenue plus Tax for a given Charging Year _{<i>t</i>} multiplied by the Unavailability Multiplier
Alternative Financial Arrangements	<p>means such alternative financial arrangements as are proposed by the licensee to the Authority for its consent pursuant to Part G (<i>Credit Rating of licensee and related obligations</i>) of Special Condition 5 (<i>Ringfencing</i>), and may include providing a security, for example in the form of:</p> <p>(a) a deposit; or</p> <p>(b) an unconditional irrevocable letter of credit that is exercisable under English law within Great Britain, drawn on a bank with a credit rating equivalent to at least “A-” with:</p> <p>(i) Standard & Poor’s Ratings Group or any of its subsidiaries;</p> <p>(ii) Moody’s Investors Services Inc. or any of its subsidiaries; or</p> <p>(iii) Fitch Ratings Ltd or any of its subsidiaries; or</p>

	(iv) DBRS Morningstar or any of its subsidiaries
Annual Capitalised Totex Amount	means the portion of the Totex Spend that will be capitalised to the RAB, calculated in accordance with Part D (<i>Calculation of the Annual Capitalised Totex Amount and the Totex Building Block</i>) of Special Condition 53 (<i>Totex Building Block</i>)
Annual Environmental Publication	means the publication that the licensee must prepare and publish on its website each year in accordance with Special Condition 17 (<i>Environmental Publication</i>) and the Environmental Publication Guidance
Annual Report	means a report of that name published by the Authority
Annual Revenue Setting Process	means the process carried out by the Authority and the licensee by [30 November] of each Charging Year _{<i>t-1</i>} , pursuant to which the Authority carries out the assessment of the Allowed Revenue in accordance with the process set out in the Price Control Financial Guidance
Annual Stakeholder Engagement Publication	means the publication that the licensee must prepare and publish on its website each year in accordance with Special Condition 20 (<i>Stakeholder Engagement</i>) and the Stakeholder Engagement Publication Guidance
Applicable CPIH Price Index Adjustment Factor	<p>means, in respect of any Charging Year_{<i>i</i>}, the adjustment to be applied to inflate a value from the Base Year to the value in that Charging Year, calculated as follows:</p> $PI_i = \frac{CPIH_i}{CPIH_{base}}$ <p>Where:</p> <p>PI_{<i>i</i>} means the Applicable CPIH Price Index Adjustment Factor to be applied to the relevant value</p> <p>CPIH_{<i>i</i>} means either:</p> <ul style="list-style-type: none"> (i) the [year average] CPIH index for the relevant Charging Year_{<i>i</i>}; or (ii) the CPIH index for [November] in Charging Year_{<i>t-1</i>}, as the context

	requires, and in each case published by the Office for National Statistics CPIH _{base} means the [year average] CPIH index for the Base Year, published by the Office for National Statistics
Applicable Reference Price	means, in respect of the Relevant Reference Price Period, the applicable Reference Price for such Relevant Reference Price Period based on actuals data published by the Reference Price Provider
Appropriate Auditor	means a person appointed as auditor under Chapter 2 of Part 16 of the Companies Act 2006
Appropriate Proportion	means the proportion of the costs attributable to the licensee as determined by the Authority for the purposes of Special Condition 3 (<i>Fees</i>) generally (after consultation with the licensee and others likely to be affected by the application of those principles) and notified to the licensee
Appropriate Time	means three months, or such shorter period as the Authority may approve in respect of any person or class of persons
Appropriately Qualified Independent Examiner	means a qualified tax accountant from a firm regulated by a relevant professional body
Approved Contracts ⁷	means the: (a) Agreed Supply Chain Contracts; ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ⁸ , in each case in the form entered into at the Licence Modification Date or as may be subsequently approved by the Authority in accordance with Special Condition 6 (<i>Associate Transactions</i>)
Approved Contributions Notice	in respect of Charging Year _t , means a notice setting out the FDP Annual Contribution and each FDP Monthly

⁷ **Note:** This definition is subject to further review to narrow the application of the approval regime to associated party contracts.

⁸ **Note:** DESNZ await further details of proposed arrangements [REDACTED]. Treatment of these arrangements as 'Approved Contracts' is subject to the terms being satisfactory to DESNZ, in particular they are expected to be on arm's length terms and satisfy the restriction on no cross-subsidies.

	Contribution to be made in Charging Year _t and which is produced, submitted to the Secretary of State and in effect in accordance with the terms of the FAP
Approved FDP Modification	means a modification to the FDP that has been approved by the Secretary of State and such modification to the FDP have been implemented in accordance with sections 48 to 51 of the Energy Act 2008
Approved Mitigation Plan	means the plan that sets out any corrective actions that the licensee has implemented or intends to implement to mitigate the consequences of a Delay Event, and which has been approved by the Authority pursuant to Part A (<i>Notification of Delay Events</i>) of Special Condition 42 (<i>Extensions to Scheduled COD or the Longstop Date</i>)
Approved Revenue Support Amount	means the aggregate Revenue Support amount, which the Authority notifies to the licensee that it will receive in accordance with Special Condition 56 (<i>Revenue Support</i>)
Asset Life Notice	means a notice to be provided by the licensee to the Authority in the event that the Operational Life expectancy of the Regulated Assets has been revised, including details as to the reasons for any such change in Operational Life
Asset Life Testing	means the testing undertaken by the licensee, prior to the submission of each Business Plan, to establish the expected remaining Operational Life of the Regulated Assets
Asset Management Objectives	means, developing, operating and maintaining the Regulated Assets in a manner which: <ul style="list-style-type: none"> (a) is economic and efficient; (b) consistent with Good Industry Practice; (c) promotes their ability to achieve the Target Operational Life; (d) complies with all safety and other applicable Legal Requirements; and (e) complies with such other objectives as the Authority may set out in Asset Management Plan and Reporting Guidance

Asset Management Plan	means the plan to be provided by the licensee to the Authority in accordance with the requirements of Special Condition 18 (<i>Asset Management Plans</i>) as may be updated from time to time in accordance with this licence
Asset Management Plan and Reporting Guidance	means the document issued by the Authority from time to time pursuant to a direction under Special Condition 18 (<i>Asset Management Plans</i>)
Associate	means: (a) an Affiliate or Related Undertaking of the licensee; (b) an Ultimate Controller of the licensee; (c) a Participating Owner of the licensee; (d) a Common Control Company; and (e) for as long as any member of [REDACTED] owns (directly or indirectly) or controls at least [●]% of the shares in the licensee, [REDACTED] [REDACTED] ⁹
Associate Transaction	means a transaction between the licensee and an Associate, excluding entry into the Government Support Package or any transactions implemented pursuant to and in accordance with the Government Support Package
Associated Document	means a document issued and amended by the Authority by direction in accordance with the special conditions of this licence and any reference to an Associated Document is to that document as amended from time to time unless otherwise specified
Assumed FX Rate	means, in respect of each item of non-GBP Actual Allowable Capital Spend (Nominal) or Actual Additional Allowable Spend (Nominal): (a) the applicable Hedged Rate; (b) if no Hedged Rate is available, and sub-paragraph (c) does not apply, the foreign exchange rate that applied in respect of the relevant invoice; or

⁹ Note: Subject to further review.

	<p>(c) if the licensee obtained the Hedged Rate pursuant to hedging arrangements that were entered into in breach of the Currency Hedging Policy, the lower of:</p> <p>(i) the actual foreign exchange rate achieved; and</p> <p>(ii) the applicable foreign exchange rate that the Authority considers would have applied had the licensee been in compliance with the Currency Hedging Policy,</p> <p>as applicable</p>
Audit Report	means a report prepared by the licensee’s independent auditors addressed to the Authority that states whether or not the auditors are aware of any inconsistencies between, on the one hand, each Directors’ Certificate and any statement submitted with it, and, on the other hand, any information that they obtained during their audit work under Standard Condition B16 (<i>Regulatory Accounts</i>) on the licensee’s regulatory accounts
Authority	means the Gas and Electricity Markets Authority or the Office of Gas and Electricity Markets in the United Kingdom or any successor organisation (Ofgem), as the context requires
Authority Stated RAB or Authority Stated Regulated Asset Base	means the Regulated Asset Base for the relevant Charging Year stated by the Authority in accordance with Part D (<i>Authority Stated RAB in the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>) or Part D (<i>Authority Stated RAB in the Operations Phase</i>) of Special Condition 45 (<i>Valuation of the Regulated Asset Base during the Operations Phase</i>), as relevant
Authority’s Website	means www.ofgem.gov.uk , as updated from time to time
Availability Incentive or Availability Incentive Building Block	means the incentive calculated in accordance with Part C (<i>Availability Incentive</i>) of Special Condition 55 (<i>Availability Incentive</i>)
Availability Incentive Multiplier or AIM	means:

	<p>(a) unless otherwise determined by the Authority following consultation with (among others) the licensee, for the First Control Period,</p> <p>(i) if the licensee has failed to meet its Target UCF, ■; or</p> <p>(ii) if the licensee has exceeded the Target UCF, ■; and</p> <p>(b) for each subsequent Control Period, such value as the Authority may determine at the most recent Periodic Review</p>
Availability Report	means the availability report that the licensee is required to provide to the Authority as described in Part B (<i>Availability Reports</i>) of Special Condition 15 (<i>Reporting</i>)
Available	means, in relation to the Regulated Assets during the relevant Charging Year, the availability of both Units determined by reference to the Unit Capability Factor as set out in Special Condition 55 (<i>Availability Incentive</i>), and “Availability” will be construed accordingly
Average Present Value Additional Closing Regulated Asset Base or Average Present Value Additional Closing RAB	means in respect of any Charging Year, the average present value in that Charging Year of the Additional Closing RAB calculated in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>)
Average Present Value Below HRT Closing Regulated Asset Base or Average Present Value Below HRT Closing RAB	means in respect of any Charging Year, the average present value in that Charging Year of the Below HRT Closing RAB calculated in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>)
Average Present Value Regulated Asset Base or Average Present Value RAB	means, in respect of any Charging Year, the average present value RAB for that Charging Year calculated: <p>(a) for each Charging Year in the Pre-PCR Phase, in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the</i></p>

	<p><i>Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>); and</p> <p>(b) for each Charging Year in the Operations Phase, in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Operations Phase</i>) of Special Condition 45 (<i>Valuation of the Regulated Asset Base during the Operations Phase</i>)</p>
Base Revenue	<p>means the revenue calculated in accordance with:</p> <p>(a) for any Charging Year during the Pre-PCR Phase, paragraph 6 of Special Condition 30 (<i>Allowed Revenue during the Pre-PCR Phase</i>); and</p> <p>(b) for any Charging Year during the Operations Phase, paragraph 5 of Special Condition 47 (<i>Allowed Revenue during the Operations Phase</i>)</p>
Base Year	<p>means:</p> <p>(a) in respect of the Pre-PCR Phase, $20[\bullet]/[\bullet]^{10}$; or</p> <p>(b) in respect of the Operations Phase, year $[X-1]/[X]$, where $[X]$ is the Charging Year in which the Authority issues:</p> <p>(i) in the case of the First Control Period, its PCR Determination; or</p> <p>(ii) for each subsequent Control Period, its most recent PR Determination</p>
Baseline Target Capacity	<p>means, in respect of each Charging Year in a Control Period:</p> <p>(a) the Original Baseline Target Capacity; or</p> <p>(b) such modified Baseline Target Capacity as has most recently been determined by the Authority following the application of:</p> <p>(i) the PCR Capacity Incentive at the Post Construction Review, in accordance with Part A (<i>Process for determining the Target PCR Capacity Incentive</i>) of</p>

¹⁰ Note: This is currently expected to be 2024/2025.



	<p>Special Condition 29 (<i>PCR Capacity Incentive</i>); or</p> <p>(ii) the Through Life Capacity Incentive at a subsequent Periodic Review, in accordance with Part A (<i>Baseline Target Capacity</i>) of Special Condition 46 (<i>Through Life Capacity Incentive</i>)</p>
Below HRT Closing Regulated Asset Base or Below HRT Closing RAB	means in respect of any Charging Year, the closing value in that Charging Year of the portion of the RAB in respect of any Actual Allowable Capital Spend incurred up to and including that Charging Year and calculated in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>)
Below HRT Opening Regulated Asset Base or Below HRT Opening RAB	means in respect of any Charging Year, the opening value in that Charging Year of the portion of the RAB in respect of any Actual Allowable Capital Spend incurred up to that Charging Year and calculated in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>)
Black Start	has the meaning given to that term in the Grid Code
Blended WACC	means the WACC rate calculated in accordance with paragraph 4 of Special Condition 41 (<i>Timely Achievement of COD</i>), as applicable
BM Unit	has the meaning given to it in the BSC
BM Unit Metered Volume	has the meaning given to it in the BSC
BMRP	means the baseload market reference price, calculated by EMR Settlement Limited on behalf of the Low Carbon Contracts Company, published on a seasonal basis using volume weighted average prices based on baseload forward season contracts reported by the London Energy Brokers' Association
Board	means the board of directors of the licensee

BSC	means the Balancing and Settlement Code that is provided for in Standard Condition C3 (<i>Balancing and Settlement Code (BSC)</i>) of the Transmission Licence
BSUoS Charges	means: <ul style="list-style-type: none"> (a) balancing services use of system charges which, at the Licence Modification Date, are levied by the ESO pursuant to the CUSC; and (b) any new or substitute payments or credits which are in the nature of, or similar to, balancing services use of system charges, whether or not levied by the ESO or pursuant to the CUSC, in each case, payable or receivable by electricity generators in Great Britain (not being Embedded Generators) and expressed in pounds
Bulk Chemicals	means consumable chemical and gas oil stocks (including hydrazine and boric acid) required for routine operation of the Regulated Assets and in respect of which the licensee will routinely hold a stock of more than XXXXXXXXXX
Business Plan	means either the PCR Business Plan or the PR Business Plan (as applicable), which the licensee submits to the Authority in accordance with the process and timeframes set out in Special Condition 16 (<i>Business Plan Submission</i>)
Buyback of Power Repayment Amount	represents the value of the aggregate Buyback of Power Revenue Support amount that is outstanding, as more particularly described in Part F (<i>Buyback of Power repayments</i>) of Special Condition 56 (<i>Revenue Support</i>)
Buyback of Power Repayment Building Block	means the building block applicable to the calculation of Allowed Revenue described in Part F (<i>Buyback of Power repayments</i>) of Special Condition 56 (<i>Revenue Support</i>)
Buyback of Power Revenue Support	means the revenue support amount provided to the licensee to help it finance the cost of purchasing power to meet forward trades that are required to be satisfied during the period when a Significant Unavailability Event occurred or is continuing, as calculated in accordance with Part D (<i>Buyback of Power Revenue</i>

	<i>Support amount</i>) of Special Condition 56 (<i>Revenue Support</i>)
Buyback of Power Revenue Support Building Block	means the building block applicable to the calculation of Allowed Revenue described in Part D (<i>Buyback of Power Revenue Support amount</i>) of Special Condition 56 (<i>Revenue Support</i>)
Buyback Repayment Cap	means, unless otherwise determined by the Authority following consultation with (among others) the licensee, ██████
Buyback Support Reconciliation Amount	means the reconciliation amount, calculated in accordance with paragraph 31 of Special Condition 56 (<i>Revenue Support</i>), to be paid to or by the licensee in respect for any underpayment or overpayment of Buyback of Power Revenue Support paid as part of any in-year Approved Revenue Support Amount
Calculated Revenue	means the revenue calculated in accordance with: <ul style="list-style-type: none"> (a) for any Charging Year during the Pre-PCR Phase, paragraph 5 of Special Condition 30 (<i>Allowed Revenue during the Pre-PCR Phase</i>); and (b) for any Charging Year during the Operations Phase, paragraph 4 of Special Condition 47 (<i>Allowed Revenue during the Operations Phase</i>)
Calculated Tax Allowance	means the value of the CTA _t term as set out in the ["Revenue" sheet] of the Price Control Financial Model
Capable Energy Generation	means, in respect of any Charging Year, the amount of electricity (in MWe) calculated in accordance with paragraph 15 of Special Condition 55 (<i>Availability Incentive</i>)
Capacity Capex Amount	means the amount of the Annual Capitalised Totex Amount which has been incurred as part of works which increase the Actual Capacity compared to the Baseline Target Capacity of either or both Unit(s), as determined by the Authority
Capacity Incentive Multiplier	means the multiplier to be applied where Actual Capacity of the Units (in aggregate) is demonstrated to be above or below the Original Baseline Target Capacity of the Units (in aggregate), as calculated in accordance

	with Part B (<i>Calculating the Target PCR Capacity Incentive</i>) of Special Condition 29 (<i>PCR Capacity Incentive</i>)
Capex De Minimis Amount	means [REDACTED] [(stated in real (Base Year) prices)] per Charging Year (when aggregated with all other Allowable Capital Spend incurred or saved in that Charging Year due to Qualifying Changes in Law which satisfy the conditions in paragraphs (A) to (E) of the definition of RCC Trigger Event)
Capex Incentive	means the adjustment to be applied to the valuation of the RAB to reflect adjustments for sharing of overspends or savings of Actual Allowable Capital Spend as compared to the Lower Regulatory Threshold, as determined in accordance with Part D (<i>Calculation of the Capex Incentive</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)
Capex Incentive (Base Year, ACI)	means the proportion of overspends or savings of: <ul style="list-style-type: none"> (a) Actual Allowable Capital Spend (ACI) plus the Day 1 RAB; as compared (b) to the Lower Regulatory Threshold, after application of the Capex Incentive Rate and as determined in accordance with Part D (<i>Calculation of the Capex Incentive</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)
Capex Incentive (Current Prices, ACI)	means, in respect of any Charging Year, the value of the Capex Incentive (Base Year, ACI) when inflated to nominal prices by the Weighted Average ACI (Capex) for that Charging Year, as determined in accordance with Part D (<i>Calculation of the Capex Incentive</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)
Capex Incentive Rate	means the rate at which overspends or savings of Actual Allowable Capital Spend as compared to the Lower Regulatory Threshold is logged on to the RAB, as determined in accordance with Part C (<i>Determining the Capex Incentive Rate</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)
CDA Calculation Model	means the model, represented by a workbook in Microsoft Excel ®, that is issued by the Authority to the

	licensee on or before the Licence Modification Date, as modified from time to time by the Authority in accordance with Special Condition 39 (<i>Cost of Debt Adjustment Building Block</i>)
CDA Calculation Model Handbook	means the handbook to be issued and updated by the Authority[, and published on the Authority’s Website], which sets out details of all assumptions, calculations and methodology included in the CDA Calculation Model together with any other documentation necessary to operate
CDA Reopener	means the review undertaken by the Authority to determine whether to adjust the baseline used in the Cost of Debt Adjustment Building Block calculation, in accordance with Part E (<i>CDA Reopener</i>) of Special Condition 39 (<i>Cost of Debt Adjustment Building Block</i>)
Change in Corporation Tax Law	means any Change in Law or Regulation directly affecting the Corporation Tax treatment of the licensee
Change in Law or Regulation	means: <ul style="list-style-type: none"> (a) the coming into effect, amendment, supplement, termination, repeal, revocation, replacement or withdrawal of any Legal Requirement; or (b) any change in the interpretation, application or effect of any Legal Requirement that changes the way in which the Legal Requirement is applied or implemented (including through the exercise of powers) and which is recognised: <ul style="list-style-type: none"> (i) by any judgment given by a court or tribunal of competent jurisdiction and in respect of which the period of making an appeal has expired; or (ii) in guidance published by the relevant Competent Authority
Charging Year	means: <ul style="list-style-type: none"> (a) for the first charging year, the First Charging Year; (b) for each subsequent charging year thereafter, other than the First Charging Year and the Last Charging Year, the period commencing on [1

	<p>April] and ending on [31 March] of the following calendar year; and</p> <p>(c) for the last charging year, the period commencing on [1 April] and ending on the last day of the Regulatory Period, the Last Charging Year</p>
CiL Adjustment	<p>means, in relation to an Operations Phase QCiL, the adjustment to be made to the Totex Allowance and/or the Totex Capitalisation Rate as a consequence of an Operations Phase QCiL, as determined by the Authority in accordance with Special Condition 59 (<i>Qualifying Change in Law or Regulation during the Operations Phase</i>)</p>
Citizens Advice	<p>means the national charity and network of local charities in England and Wales providing advice to consumers, or its successor from time to time</p>
Closing Regulated Asset Base or Closing RAB	<p>means, in respect of any Charging Year, the closing RAB value for that Charging Year calculated:</p> <p>(a) for each Charging Year in the Pre-PCR Phase, in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>); and</p> <p>(b) for each Charging Year in the Operations Phase, in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Operations Phase</i>) of Special Condition 45 (<i>Valuation of the Regulated Asset Base during the Operations Phase</i>)</p>
	
Commercial Operations Date or COD	<p>means the date on which both Units have achieved Commercial Operations Verification Date, and will be the later of:</p>

	<p>(a) the Commercial Operations Verification Date for Unit 1; and</p> <p>(b) the Commercial Operations Verification Date for Unit 2</p>
Commercial Operations Requirements	means the requirements set out in Part B (<i>Commercial Operations Requirements</i>) of Special Condition 40 (<i>Commercial Operations</i>), which each Unit must satisfy to achieve commercial operations
Commercial Operations Verification Date	means the Authority's verification that the licensee has satisfied the relevant Commercial Operations Requirements in accordance with Special Condition 40 (<i>Commercial Operations</i>)
Common Control Company	means any company, any of whose Ultimate Controllers (applying the definition set out in this Part B but substituting that company for the licensee) is also an Ultimate Controller of the licensee, but will not include His Majesty's Government or any entity that is under the control of His Majesty's Government
Communications Equipment	has the meaning given to it in the BSC
Company Tax Return	means HM Revenue & Customs' company tax return form CT600, any supplementary pages, accounts, computations and any relevant information
Competent Authority	<p>means:</p> <p>(a) any international, national, federal, regional, state, local, or other court, arbitral tribunal, administrative agency or commission or other governmental, administrative or regulatory body, authority, agency or instrumentality;</p> <p>(b) any private body to the extent it carries out one or more public functions and whilst acting in that capacity; or</p> <p>(c) any other body exercising public functions, in each case, which has jurisdiction in respect of the licensee or the Project and includes the Authority, the ONR, the International Atomic Energy Agency, the Environment Agency and/or the Secretary of State</p>

Competition and Markets Authority or CMA	means the UK's competition and markets authority
Compliance Certificate	means a certificate to certify that, to the best of the Single Appointed Director's knowledge, information and belief, having made due and careful enquiry, the report of the Compliance Officer fairly represents the licensee's compliance with the Specified Duties
Compliance Committee	means a sub-committee of the Board, for the purpose of overseeing and ensuring the performance of the duties and tasks of the Compliance Officer and the compliance of the licensee with its Specified Duties
Compliance Officer	means a person appointed by the licensee for the purpose of facilitating compliance by the licensee with its Specified Duties
Compliance Report	means an annual report provided by the licensee to the Authority, which demonstrates its compliance with the Specified Duties during the period since the last Compliance Report and its implementation of the practices, procedures and system adopted in accordance with the Compliance Statement
Compliance Statement	means a statement provided by the licensee to the Authority describing the practices, procedures and systems by which the licensee will secure compliance with the Specified Duties
Confidential Information	means any commercially sensitive information relating to or deriving from the Regulated Activities that is not published or otherwise legitimately in the public domain
Construction Contract	means [●] ¹¹
Consumer Scotland	means the non-Ministerial office of that name that provides consumer advocacy and advice in Scotland
Contingent Financing Agreement	means the contingent financing agreement entered into between (among others) the Secretary of State and the licensee dated on or about the Licence Modification Date, as amended from time to time in accordance with its terms

¹¹ **Note:** Reference to be to the approved construction contract terms.

Control	<p>means, in relation to any person (being the “Controlled Person”), being:</p> <p>(a) entitled to exercise, or control the exercise of (directly or indirectly), more than 50% of the voting power at any general meeting of the shareholders, members or partners or other equity holders (and including, in the case of a limited partnership, of the limited partners of) in respect of all or substantially all matters falling to be decided by resolution or meeting of such persons;</p> <p>(b) entitled to appoint or remove:</p> <p>(i) directors on the Controlled Person’s board of directors or its other governing body (or, in the case of a limited partnership, of the board or other governing body of its general partner) who are able (in the aggregate) to exercise more than 50% of the voting power at meetings of that board or governing body in respect of all or substantially all matters;</p> <p>(ii) any managing member of such Controlled Person; and/or</p> <p>(iii) in the case of a limited partnership, its general partner; or</p> <p>(c) entitled to exercise a dominant influence over the Controlled Person (otherwise than solely as a fiduciary) by virtue of the provisions contained in its constitutional documents or, in the case of a trust, trust deed or pursuant to an agreement with other shareholders, partners or members of the Controlled Person,</p> <p>and “Controlled” and “Controlling” will be construed accordingly</p>
Control Period	<p>means, unless otherwise varied by the Authority following consultation with the licensee, the period of [5] consecutive Charging Years beginning on [1 April] immediately following the PCR Determination or the most recent PR Determination (as applicable)</p>

Corporation Tax	means tax payable pursuant to the Corporation Tax Act 2010
Cost Estimate	means, for the purpose of Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>), the licensee's estimate of: <ul style="list-style-type: none"> (a) any RCC Spend in relation to such Relevant Change of Circumstance or RCC Trigger Event; less (b) any RCC Savings in relation to such Relevant Change of Circumstance or RCC Trigger Event, and, for the avoidance of doubt, will be expressed as a negative amount if the result is negative
Cost of Debt Adjustment Building Block	means the cost of debt adjustment building block for the relevant Charging Year _t calculated in Charging Year _{t-1} in accordance with Special Condition 39 (<i>Cost of Debt Adjustment Building Block</i>)
Costs	means, in Special Condition 3 (<i>Fees</i>), costs submitted by the Authority as likely to be or have been the costs of: <ul style="list-style-type: none"> (a) the Authority, calculated in accordance with principles determined by the Authority for the purposes of Special Condition 3 generally (after consultation with the licensee and others likely to be affected by the application of such principles) and notified to the licensee; (b) Citizens Advice or Consumer Scotland as the case may be; and (c) the Secretary of State
CPIH	means: <ul style="list-style-type: none"> (a) all items index of consumer price inflation including owner occupiers' housing costs published each month by the Office for National Statistics; (b) if that index is no longer being published, such index as the Authority may reasonably determine to be appropriate in the circumstances; or (c) if there is a material change to the basis of that index, such other index as the Authority may

	from time to time reasonably determine to be appropriate in the circumstances
Credit Rating Trigger Event	<p>means either the licensee:</p> <ul style="list-style-type: none"> (a) does not hold an Investment Grade Rating; (b) holds more than one Issuer Credit Rating, and one or more of the ratings so held is not an Investment Grade Rating; or (c) has an Issuer Credit Rating of BBB- by Standard & Poor’s Ratings Group or Fitch Ratings Ltd or Baa3 by Moody’s Investors Service, Inc. or BBB (low) by DBRS Ratings Ltd or any of its affiliates (or such higher Issuer Credit Rating as may be specified by any of these credit rating agencies from time to time as the lowest Investment Grade Rating), or an equivalent rating from another agency that has been notified to the licensee by the Authority as of comparable standing for the purposes of Part G (<i>Credit Rating of licensee and related obligations</i>) of Special Condition 5 (<i>Ringfencing</i>) and: <ul style="list-style-type: none"> (i) is on review for possible downgrade; or (ii) on credit watch or rating watch with a negative designation; or, where neither sub-paragraph (i) nor (ii) applies: <ul style="list-style-type: none"> (iii) the rating outlook of the licensee as specified by any credit rating agency referred to in this sub-paragraph (c) that at the relevant time has assigned the lower or lowest Investment Grade Rating held by the licensee has been changed from stable or positive to negative
Cross-Default Obligation	means, other than a payment obligation that is a Permitted Payment, a term of any agreement or arrangement whereby the licensee’s liability to pay or repay any debt or other sum arises or is increased or accelerated, or is capable or arising, increasing or of acceleration by reason of a default (howsoever such

	default may be described or defined) of any person other than the licensee
Cumulative Actual Allowable Capital Spend	means, in respect of any Charging Year _t in the Pre-PCR Phase, the aggregate Actual Allowable Capital Spend for each Charging Year up to Charging Year _t (deflated by ACI or CPIH and stated in real (Base Year) prices) calculated in accordance with Part B (<i>Process for determining the Cumulative Actual Allowable Capital Spend and the Weighted Average ACI (Capex)</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)
Cumulative Actual Allowable Capital Spend (ACI)	means the Cumulative Actual Allowable Capital Spend deflated to real (Base Year) prices by ACI
Cumulative Actual Allowable Capital Spend (CPIH)	means the Cumulative Actual Allowable Capital Spend deflated to real (Base Year) prices by CPIH
Cumulative Actual Allowable Operational Spend	means, in respect of any Charging Year _t in the Pre-PCR Phase, the aggregate Actual Allowable Operational Spend for each Charging Year up to Charging Year _t (deflated by ACI or CPIH and stated in real (Base Year) prices) calculated in accordance with Part B (<i>Process for determining the Cumulative Actual Allowable Operational Spend and the Weighted Average ACI (Opex)</i>) of Special Condition 37 (<i>Opex Building Block</i>)
Cumulative Actual Allowable Operational Spend (ACI)	means the Cumulative Actual Allowable Operational Spend deflated to real (Base Year) prices by ACI
Cumulative Actual Allowable Operational Spend (CPIH)	means the Cumulative Actual Allowable Operational Spend deflated to real (Base Year) prices by CPIH
Cumulative Capex Variance	means, in respect of any Charging Year _t in the Pre-PCR Phase, the variance between the aggregate of the Day-1 RAB and the Cumulative Actual Allowable Capital Spend (ACI) for each Charging Year up to Charging Year _t and the Lower Regulatory Threshold calculated in accordance with Part D (<i>Calculation of the Capex Incentive</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)

Cumulative Opex Variance	means, in respect of any Charging Year _{<i>t</i>} in the Pre-PCR Phase, the variance between the Cumulative Actual Allowable Operational Spend (ACI) for each Charging Year up to Charging Year _{<i>t</i>} and the Opex Pre-PCR Allowance calculated in accordance with Part D (<i>Determining the Opex Incentive</i>) of Special Condition 37 (<i>Opex Building Block</i>)
Currency Hedging Policy	means any approved currency hedging policy approved by the Secretary of State under the terms of Schedule [4] to the Discontinuation and Compensation Agreement as such currency hedging policy is amended, updated and revised following agreement with the Secretary of State and the licensee
Curtailment	<p>means, in respect of any period, the prevention or restriction by, or on the instruction of, or as a result of the requirements (including requirements for balancing services involving an acceptance or deemed acceptance) of, the ESO of the export from the Plant to the national electricity Transmission System of all or a proportion of the electricity which the Plant is otherwise able to generate and export during the relevant period, provided that there will be no Curtailment to the extent that the export of electricity from the Plant is so prevented or restricted as a direct result of:</p> <ul style="list-style-type: none"> (a) any unplanned Transmission System outage or Black Start; (b) any Emergency Deenergisation Instruction given to the licensee: <ul style="list-style-type: none"> (i) in circumstances where, in the reasonable opinion of the ESO, the condition or manner of operation of the Transmission System or the User's System of which the Plant forms part poses an immediate threat of injury or material damage to any person or to the Total System or to any User's System or to the Transmission System; and (ii) in order to avoid the occurrence of such injury or damage,

	<p>provided that this sub-paragraph (b) exception will cease to apply at such time as the ESO would be reasonably expected to have Reenergised the User’s Equipment, had the ESO Reenergised as quickly as practicable after the circumstances leading to that Emergency Deenergisation Instruction ceased to exist. (Terms in this sub-paragraph (b) (other than the term “ESO” and “Black Start”) will have the meaning given to such terms in the CUSC as at the Licence Modification Date);</p> <p>(c) a breach or default by the licensee of this licence or any Legal Requirement;</p> <p>(d) a failure by the licensee to act in accordance with Good Industry Practice; or</p> <p>(e) any matter relating to health, safety, security or environment at or with respect to the Plant (but not any such matter at or with respect to the Transmission System) to the extent that such matter is a direct result of the licensee’s fault or negligence,</p> <p>and “Curtailed” will be construed accordingly</p>
CUSC	means the Connection and Use of System Code that is provided for in Standard Condition C10 (Connection and Use of System Code (<i>CUSC</i>)) of the Transmission Licence
Data	means the information contained in any submissions to the Authority under this licence in respect of which the licensee must carry out a Risk Assessment, as specified in the Data Assurance Guidance (as may be further clarified in the Data Assurance Guidance)
Data Assurance Activity	means, in respect of Data, an activity undertaken by or on behalf of the licensee in order to verify or provide assurance that the Data meets the required level of accuracy and reliability (as may be further clarified in the Data Assurance Guidance)

Data Assurance Guidance	means the document issued by the Authority from time to time pursuant to a direction under Special Condition 23 (<i>Data Assurance</i>)
Day-1 RAB	means the value of the Regulated Asset Base as at the Licence Modification Date as determined by the Secretary of State and confirmed by the Authority ¹²
De Minimis Business ¹³	means any business or activity carried on by the licensee or a Relevant Associate(s) that has a turnover of less than £[●] per annum other than: (a) the Regulated Business; and (b) any other business activity to which the Authority has given its consent in accordance with paragraph 5(d) of Special Condition 5 (<i>Ringfencing</i>)
Delay Event	a Scheduled COD Delay Event or an LSD Delay Event (as applicable)
Delay WACC or DWACC	means the IWACC less [REDACTED]
Delivery Area	means each delivery area set out in the base case forecast document dated [●] and approved by the Secretary of State
Delivery Area Actual Allowable Capital Spend (ACI)	means Actual Allowable Capital Spend for each Delivery Area (deflated by ACI and stated in real (Base Year) prices)
Delivery Area Actual Allowable Operational Spend (ACI)	means Actual Allowable Operational Spend for each Delivery Area (deflated by ACI and stated in real (Base Year) prices)
Depreciation Building Block	means the depreciation building block for the relevant Charging Year _t , calculated in Charging Year _{t-1} in accordance with Special Condition 52 (<i>Depreciation Building Block</i>)
Development Consent Order	means the development consent order issued to the licensee by the Secretary of State, dated 20 July 2022

¹² **Note:** This is expected to be calculated by reference to: (i) the portion of actual expenditure (incurred up to the date on which the day-1 RAB is being set) which the Secretary of State assesses to be allowable spend; and (ii) an estimated amount of any further development spend during the period between the date the day-1 RAB is set and the Licence Modification Date (as determined by the Secretary of State).

¹³ **Note:** Definition subject to further review.

Difference Payments	means the annual aggregate difference payments (payable by/to the licensee or the Revenue Collection Counterparty (as applicable)), in accordance with Special Condition 25 (<i>Difference Payments</i>) and the terms of the Revenue Collection Contract
Directors' Certificate	means each of the directors' certificates referenced in this licence, which: <ul style="list-style-type: none"> (a) is in the prescribed form; (b) in each case, has been approved by a resolution of the Board and signed by [REDACTED] of the licensee pursuant to that resolution; and (c) is accompanied by any Supporting Information as required by the relevant licence provision
Discontinuation and Compensation Agreement	means the discontinuation and compensation agreement between (among others) the Secretary of State and the licensee dated on or about the Licence Modification Date, as amended from time to time in accordance with its terms
Discontinuation Notice	means a notice of discontinuation of the Project issued by the Secretary of State in accordance with the terms of the Discontinuation and Compensation Agreement ¹⁴
Discriminatory Change in Law	means a Change in Law or Regulation, the terms of which apply expressly to: <ul style="list-style-type: none"> (a) the Project (or any part thereof) and not to similar projects (or any part thereof); (b) the licensee and not to other persons; (c) nuclear licensees, in respect of which the Authority has modified their generation licence in accordance with section 6(1) of NEFA and not to other persons; and/or (d) any entity that holds a Nuclear Site Licence and not to other persons
Disposal	means any disposal of a right or interest (whether legal or beneficial) including by way of any sale, gift,

¹⁴ **Note:** If the Secretary of State elects to discontinue the Project, it will provide compensation to debt and equity as set out in the Discontinuation and Compensation Agreement. An election by the Secretary of State to discontinue will result in the termination of each GSP Document (save for provisions expressed to survive) and the Project Documents will also contain detailed provisions required to ensure that the Project is brought to an orderly conclusion (if required) following a discontinuation.

	exchange, assignment, lease, licence, loan, mortgage, charge, easement or grant of any other right or encumbrance or the permitting of any right or encumbrance to subsist or any other disposition of whatever nature (including those defined in section 205 of the Law of Property Act 1925), and “Dispose” and similar expressions will be construed accordingly
Dispute Resolution Procedure	means the procedure for resolution of disputes between the licensee and the Independent Technical Adviser, set out in the Independent Technical Adviser Deed
Distribution	means any distribution within the meaning of section 829 of the Companies Act 2006 or any other payment, repayment, redemption, discharge (by way of set-off, counterclaim or otherwise) or other dividend, distribution or the like, whether in cash or in kind, made by or on behalf of the licensee to any Associate howsoever the same may arise and whether pursuant to the terms of an agreement (including any loan agreement) or otherwise or by way of gift other than a payment required under the Approved Contracts
Distribution Lock-Up Event	means any of the following events have occurred and are continuing: <ul style="list-style-type: none"> (a) the Commercial Operations Date has not been achieved by the [REDACTED] anniversary of Scheduled COD, provided that the Distribution Lock-Up Event arising pursuant to this limb shall cease once the Commercial Operations Date has been achieved; (b) any Significant Unavailability Event; (c) the amount standing to the credit of the Debt Service Reserve Account is less than the Debt Service Reserve Amount (each as defined in the finance documents); (d) any event of default or trigger event under any financing document which gives rise to a distribution or dividend block; (e) a Remedy Event (as defined in the Discontinuation and Compensation Agreement); or

	(f) any Credit Rating Trigger Event
Distribution Policy	means a policy approved by the Board that complies with the principles set out in paragraph 20 of Special Condition 5 (<i>Ringfencing</i>)
Draft Mitigation Plan	means the plan that sets out any corrective actions (including their associated cost) that the licensee has implemented or intends to implement to mitigate the consequences of the Delay Event, and which the licensee submits to the Authority for approval at the same time as it notifies the Authority of the relevant Delay Event
DWMP	has the meaning given to it in the FAP
<div style="background-color: black; width: 20px; height: 10px; display: inline-block;"></div> Group	<p>means:</p> <p><div style="background-color: black; width: 20px; height: 10px; display: inline-block;"></div> [Redacted]</p> <p><div style="background-color: black; width: 20px; height: 10px; display: inline-block;"></div> [Redacted]</p> <p><div style="background-color: black; width: 20px; height: 10px; display: inline-block;"></div> [Redacted]</p> <p><div style="background-color: black; width: 20px; height: 10px; display: inline-block;"></div> [Redacted]</p> <p>[Redacted]</p>

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Electricity Generation Licence	means the licence granted under section 6(1)(a) of the Act to Sizewell C Limited (formerly NNB Generation Company (SZC) Ltd) dated 26 February 2020, as such licence has been modified from time to time in accordance with its terms
Embedded Generator	means an exemptible electricity generator whose electricity generating facility is not directly connected to the Transmission System
Environmental Action Plan Commitments	means the actions and initiatives that the licensee proposed to undertake over the course of [the 5 years] following publication of the relevant Annual Environmental Publication
Environmental Publication Guidance	means the guidance to be prepared by the Authority, in accordance with the process set out in Part B (<i>Environmental Publication Guidance</i>) of Special Condition 17 (<i>Environmental Publication</i>) and published on the Authority's Website, setting out how the licensee must prepare and publish its Annual Environmental Publication

Environmental Publication Trigger Date	means the date which is [24] months following the Licence Modification Date
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Equity Share	means, in relation to any shareholding, the nominal value of the equity shares held by the licensee in a Relevant Associate, as a percentage of the nominal value of the entire issued equity share capital of that Relevant Associate
ESO	means National Grid Electricity System Operator or its successor, or any other person who is authorised by a Transmission Licence to perform the role of electricity system operator
Estimated Additional Allowable Spend	means the estimated Additional Allowable Spend for a relevant Charging Year deflated to real (Base Year) prices by [ACI] as set out in the annual profile contained in the IAR Response Statement
Examiner	means a member of the Authority's staff, or any other person, whose degree of knowledge and experience is appropriate for the purposes of the relevant review
Excluded Capital Spend	means expenditure incurred or to be incurred by the licensee during the Pre-PCR Phase that constitutes: <ul style="list-style-type: none"> (a) financing costs (including any interest, return of capital or fees relating to the financing of the Project); (b) expenditure or costs which are remunerated through the Opex Building Block, Tax Building Block, the Pass-Through Costs Building Block or the FDP Allowance Building Block; (c) Distributions; (d) any expenditure incurred due to the fraud, Wilful Misconduct or Gross Negligence of the licensee; (e) costs that are not justified by the licensee's accounts and records; (f) costs paid by the licensee to its contractors or suppliers otherwise than in accordance with their Agreed Supply Chain Contracts provided that the

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	<p>payment of such costs shall not be Excluded Capital Spend where the ITA confirms that such costs have been incurred in compliance with the standards of Good Industry Practice and such costs have been approved by the Authority in its discretion;</p> <ul style="list-style-type: none"> (g) fines or penalties payable under law or regulation; (h) amounts to satisfy tortious claims by employees or other third parties; (i) expenditure in respect of which the licensee is exercising a right of set-off or withholding (unless and until such set-off or withholding is successfully challenged in accordance with the relevant dispute resolution process); (j) costs in respect of PR, advertising or publicity; (k) fees payable to Associates (other than pursuant to and in accordance with the Approved Contracts); (l) any fees or premia payable by the licensee under the GSP; (m) any costs or liabilities that the licensee funded, or was otherwise contractually required to fund, through the application of insurance proceeds (or costs or liabilities for which the licensee would have been entitled to claim under its insurances but for its fraud or Wilful Misconduct or Gross Negligence or any other failure to make a claim within a reasonable time or in accordance with the process prescribed by the relevant insurance), save where: (i) the relevant insurance is unavailable in the worldwide insurance market with reputable insurers of good standing, and where references to insurance include commercial insurance and any insurance provided by the Secretary of State pursuant to the Supplemental Compensation Agreement; or (ii) such costs and liabilities do not exceed £[●] and the licensee has reasonably taken a decision not to pursue such an insurance claim where its insurance advisor has confirmed that taking such
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	<p>a claim would be reasonably expected to have a detrimental effect on future premia;</p> <p>(n) any expenditure incurred by the licensee above the Higher Regulatory Threshold that has not been approved by the Secretary of State pursuant to an IAR Application; or</p> <p>(o) any Social Benefits and Communications Costs</p>
Excluded Energy Losses	means energy (in MWhe) that is lost as a result of a reduction in capacity or outage of either or both Units, due to a Curtailment which, in any case, is demonstrated by adequate Supporting Information provided to the Authority in a timely manner
Excluded Operational Spend	<p>means expenditure incurred or to be incurred by the licensee in connection with the Project during the Pre-PCR Phase that constitutes:</p> <p>(a) any costs which are logged to the RAB as capital expenditure;</p> <p>(b) any costs paid or payable that are recovered through a component of the Allowed Revenue other than the Opex Building Block;</p> <p>(c) Distributions;</p> <p>(d) any expenditure incurred due to the fraud, Wilful Misconduct or Gross Negligence of the licensee;</p> <p>(e) costs that are not justified by the licensee's accounts and records;</p> <p>(f) costs paid by the licensee to its contractors or suppliers otherwise than in accordance with their Agreed Supply Chain Contracts, provided that the payment of such costs shall not be Excluded Capital Spend where the ITA confirms that such costs have been incurred in compliance with the standards of Good Industry Practice and such costs have been approved by the Authority in its discretion;</p> <p>(g) fines or penalties payable under law or regulation;</p> <p>(h) expenditure in respect of which the licensee is exercising a right of set-off or withholding</p>

	<p>(unless and until such set-off or withholding is successfully challenged in accordance with the relevant dispute resolution process);</p> <p>(i) fees payable to Associates (other than pursuant to and in accordance with the Approved Contracts);</p> <p>(j) any fees or premia payable by the licensee under the GSP, which are incurred due to a Failure Event (as defined in the GSP) subsisting;</p> <p>(k) any costs or liabilities that the licensee funded, or was otherwise contractually required to fund, through the application of insurance proceeds (or costs or liabilities for which the licensee would have been entitled to claim under its insurances but for its fraud or Wilful Misconduct or Gross Negligence or any other failure to make a claim within a reasonable time or in accordance with the process prescribed by the relevant insurance), save where: (i) the relevant insurance is unavailable in the worldwide insurance market with reputable insurers of good standing, and where references to insurance include commercial insurance and any insurance provided by the Secretary of State pursuant to the Supplemental Compensation Agreement; or (ii) such costs and liabilities do not exceed £[●] and the licensee has reasonably taken a decision not to pursue such an insurance claim where its insurance advisor has confirmed that taking such a claim would be reasonably expected to have a detrimental effect on future premia; or</p> <p>(l) any Social Benefits and Communications Costs</p>
Excluded Project Spend	means the Excluded Capital Spend and Excluded Operational Spend
Expected Electricity Revenue	means, in respect of a Charging Year, the licensee's expected revenue calculated on the basis that each MWhr of the Actual Electrical Output in a Relevant Reference Price Period was sold at the Applicable Reference Price for that Relevant Reference Price Period in the relevant Charging Year





Extended Regulatory Period	means, following a direction from the Secretary of State pursuant to paragraph 12(b) of Special Condition 12 (<i>Revocation</i>), the period commencing on the expiry of the Initial Regulatory Period and ending on the earlier of the date: (a) that the Secretary of State may direct on or prior to the expiry of the Initial Regulatory Period; and (b) on which the decommissioning of the Regulated Assets has been completed
Failure Event	has the meaning given to it in the GSP
FAP	means the funding arrangements plan entered into by the licensee and FundCo and which will form part of the Funded Decommissioning Programme
FDP Account	means the account of that name to be opened by the licensee with account number [●], into which the proportion of Allowed Revenue relating to the Funded Decommissioning Programme is to be paid immediately upon receipt and from which payments are only to be made to the FundCo in accordance with the FAP
FDP Allowance	means the FDP allowance that the licensee is entitled to, as part of its Allowed Revenue, which is calculated in accordance with Special Condition 34 (<i>FDP Allowance Building Block during the Pre-PCR Phase</i>) or Special Condition 50 (<i>FDP Allowance Building Block during the Operations Phase</i>), as applicable
FDP Allowance Building Block	means the building block applicable to the calculation of the FDP Allowance described in Special Condition 34 (<i>FDP Allowance Building Block during the Pre-PCR Phase</i>) or Special Condition 50 (<i>FDP Allowance Building Block during the Operations Phase</i>), as applicable
FDP Annual Contribution	in respect of Charging Year _{<i>t</i>} , means the aggregate of the contributions made or to be made by the licensee to the FundCo on or prior to the end of Charging Year _{<i>t</i>} , in accordance with the FAP and as set out in the Approved Contributions Notice for that Charging Year _{<i>t</i>}

FDP Annual Report	means the annual report referred to in The Nuclear Decommissioning and Waste Handling (Finance and Fees) Regulations 2013 and defined in regulation 9
FDP Fund	means the independent fund held by the FundCo in connection with the Funded Decommissioning Programme and which the licensee funds by way of FDP Monthly Contributions in accordance with the Approved Contributions Notice
FDP Monthly Contribution	means the relevant contribution amount determined to be payable by licensee to FundCo in each calendar month in Charging Year _t in accordance with the FAP and as set out in the Approved Contributions Notice in respect of Charging Year _t
FDP Final Amount	<p>means the aggregate of:</p> <ul style="list-style-type: none"> (a) the amount (in real (Base Year) prices) of funding which is forecast to be required under the FAP in order to ensure that any FDP Shortfall is reduced to zero by the end of the Partial Revocation Period; and (b) the licensee's reasonable estimate of the costs (in real (Base Year) prices) to be incurred by FundCo during the Partial Revocation Period in implementing FundCo's obligations [and, if applicable, exercising its rights] under or in relation to the FDP, <p>as determined on a one-off basis reflecting the Approved FDP Modification pursuant to paragraph 23 of Special Condition 13 (<i>Funded Decommissioning Programme</i>) and notified to the Authority in accordance with Part D of Special Condition 13</p>
FDP Shortfall	means the amount by which the most recent Fund Assets Value is less than the End of Generation Target (both as defined in the FAP) ¹⁶
Fee	means the fee as described in paragraph 4 of Special Condition 3 (<i>Fees</i>)

¹⁶ Note: Subject to review of the revised FAP.

FID	means the date of the final investment decision in relation to the Project taken on [●]
FID FX Rate	means the foreign exchange rate assumed to apply in respect of the relevant item of non-GBP spend that the licensee forecasts to incur for the purposes of the Original Lower Regulatory Threshold [and/or the Opex Pre-PCR Allowance]
Financial Resilience Report	means the report prepared by the licensee pursuant to Part G (<i>Credit Rating of licensee and related obligations</i>) of Special Condition 5 (<i>Ringfencing</i>)
First Approved Contributions Notice	means the first Approved Contributions Notice in respect of the Charging Year in which Scheduled First Criticality is forecast to occur, which is produced and in effect in accordance with the terms of the FAP
First CDA Reopener Date	means 31 December following the date that falls [4] years after the Licence Modification Date
First Charging Year or Charging Year ₁	means the period commencing on the Licence Modification Date and ending on [31 March] of the following calendar year
First Control Period	means the Control Period that commences on [1 April] immediately following the PCR Determination
First Criticality	means, in respect of any Unit, the date on which a self-sustaining nuclear chain reaction first occurs at a reactor on the Site
First Criticality Payment	means the amount determined to be payable by the licensee to FundCo in accordance with the FAP on the First Criticality Payment Date as set out in the First Approved Contributions Notice
First Criticality Payment Date	means the date that is [5] Working Days before the expected date of First Criticality
First Criticality Report	has the meaning given to it in regulation 9 of The Nuclear Decommissioning and Waste Handling (Finance and Fees) Regulations 2013
Force Majeure Event	means one of the following events or circumstances, which is beyond the reasonable control of the licensee and which occurs after the Licence Modification Date:

	<ul style="list-style-type: none"> (a) Act of God; (b) act of a public enemy, war declared or undeclared, threat of war, armed conflict, terrorist act (or threat of); (c) chemical or biological contamination unless: <ul style="list-style-type: none"> (i) the source or the cause of the contamination is the result of the actions of or breach by the licensee or its subcontractors; or (ii) the contamination is pre-existing and is known, or should reasonably have been identified in surveys by the licensee as part of its due diligence when acquiring the land; (d) blockade; (e) revolution, riot, insurrection, civil commotion, public demonstration; (f) sabotage, act of vandalism; (g) governmental restraint or a World Health Organisation recognised pandemic which results in government ordered restrictions which disrupt the Regulated Activities; (h) failure by any statutory undertaker, utility company, local authority or other like body to carry out works or provide services in accordance with its legal obligations; (i) failure by any Competent Authority to comply with its legal obligations; or (j) any official or unofficial strike, lockout, go-slow or other dispute, in each case that occurs in the United Kingdom, <p>and provided that lack of funds of the licensee or performance or non-performance by a third party (other than where the non-performance is due to a circumstance listed in sub-paragraphs (a) to (j)) will not be considered to be beyond the reasonable control of the licensee and the event or circumstance directly causes the licensee to be unable to comply with all or a substantial part of the licensee's Regulated Activities</p>
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Forecast Additional Allowable Spend	means the forecast Additional Allowable Spend for a relevant Charging Year deflated to real (Base Year) prices by [ACI] as set out in the annual profile contained in the IAR Response Statement
Forecast Allowable Capital Spend	means the amount of Allowable Capital Spend that the licensee reasonably expects to incur in the relevant Charging Year _{t+1} , stated in [real (Base Year)] prices and as verified by the Independent Technical Adviser, as provided by the licensee to the Authority each Charging Year _{t-1} during the Pre-PCR Phase
Forecast Allowable Operational Spend	means the amount of Allowable Operational Spend that the licensee reasonably expects to incur in the relevant Charging Year _t , deflated by ACI and stated in real (Base Year) prices and as verified by the Independent Technical Adviser, in accordance with Part A (<i>Opex Building Block</i>) of Special Condition 37 (<i>Opex Building Block</i>)
Forecast Electrical Output or FEO	means Authority's determination of the forecast electrical output for Charging Year _t , informed by the licensee's true and fair estimate of the Plant's electrical output (in MWhrs) for the relevant Charging Year _t and based on the licensee's reasonable assumptions
Forecast Supplemental Revenue or FSR	means the Supplemental Revenue that the licensee forecasts it will receive in the forthcoming Charging Year
	
FundCo	means   , a company incorporated in England (registered number [●]) and whose registered office is at [●] being the company incorporated for the purposes of managing and investing the licensee's FDP Fund and holding the account into which FDP contributions are made by the licensee

Funded Decommissioning Programme or FDP	means the funded decommissioning programme in respect of the Site in the form approved by the Secretary of State on [date] under section 46 of the Energy Act 2008, as may be amended from time to time with the Secretary of State’s approval
GBP	means pound sterling, or any replacement currency which is the lawful currency of the United Kingdom
Good Industry Practice	means, in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight that would reasonably and ordinarily be expected from a skilled and experienced person complying with all applicable Legal Requirements and with relevant good practice (as determined based on guidance from any Competent Authority) and engaged in the same type of undertaking under the same or similar circumstances, including acting in accordance with nuclear safety procedures and the safety case, environmental requirements and taking account of relevant guidance
Government Liquidity Facility Agreement	means the Government liquidity facility agreement entered into between the Secretary of State and the licensee on or around the Licence Modification Date, as amended from time to time in accordance with its terms
Government Support Package or GSP	means the Government support package, consisting of the Contingent Financing Agreement, the Discontinuation and Compensation Agreement, the Government Liquidity Facility Agreement, the Nuclear Administration and Statutory Transfers Agreement[, the Shareholders’ Direct Agreement] and the Supplemental Compensation Agreement as amended from time to time, or any other agreement that is entered into between the Secretary of State and the licensee from time to time during the Regulatory Period
Grid Code	means the Grid Code that is required to be prepared by the ESO pursuant to Standard Condition C14 (<i>Grid Code</i>) of the Transmission Licence
Group Company	means each of the licensee and HoldCo (together the “Group Companies” or “Group”)

Hedged Rate	means the relevant hedged rate in any hedging instrument entered into for the purposes of mitigating foreign exchange risk for the relevant currency and which has been approved in accordance with the Currency Hedging Policy
Higher Regulatory Threshold or HRT	means £[●] (stated in Base Year prices), being the maximum amount of capital that the licensee is required to invest in the Project, as may be adjusted, if applicable, in accordance with the terms of this licence for adjustments to reflect a Relevant Change of Circumstance in accordance with Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>)
His Majesty's Government or Government	means His Majesty's Government of the United Kingdom of Great Britain and Northern Ireland
HoldCo	means Sizewell C (Holding) Limited, a company incorporated in England with registered number 09284751 whose registered office is at 90 Whitfield Street, London, England, W1T 4EZ
Housekeeping Modification	means minor changes such as: <ul style="list-style-type: none"> (a) renumbering of paragraphs, capitalising defined terms and deleting transitional provisions that have expired; (b) corrections of evident mistakes including typographical errors, incorrect cross-references and formatting errors; (c) updates to: <ul style="list-style-type: none"> (i) version numbers of other documents mentioned in the licence; (ii) the titles of re-enacted legislation; (iii) names of bodies that have been renamed
Housekeeping Modification Working Group	means a working group established for the purposes of considering proposed Housekeeping Modifications under Special Condition 14 (<i>Housekeeping Modifications</i>), consisting of representatives from (among others) the licensee and the Authority

IAR Application	means the application to be made by the licensee to the Secretary of State, in accordance with the IAR Application Statement, in which the licensee requests approval to log further spend to the RAB above the Higher Regulatory Threshold
IAR Application Statement	means the statement issued by the Secretary of State under section 7(6) of the NEFA that sets out the procedure for the licensee to make an IAR Application to the Secretary of State
IAR Response Statement	means the response by the Secretary of State to an IAR Application, which sets out the amount (if any) of Additional Allowable Spend that can be logged to the RAB
In-Year Revenue Support Application Period	means, where an application for in-year Revenue Support has been approved, the period from the date of the licensee's application for Revenue Support until the last day of the relevant Charging Year
In-Year Revenue Support Application Review Period	means, where an application for in-year Revenue Support has been submitted, the period from the date of the licensee's application up to (but not including) the first day of the In-Year Revenue Support Disbursement Period
In-Year Revenue Support Disbursement Period	means, where an application for in-year Revenue Support has been approved, the period from the date on which the Revenue Collection Counterparty starts collecting the revised interim levy rate (which takes account of the in-year Approved Revenue Support Amount) until the last day of the relevant Charging Year
Indebtedness	means all liabilities now or hereafter due, owing or incurred, whether actual or contingent, whether solely or jointly with any other person and whether as principal or surety, together with any interest accruing thereon and all costs, charges, penalties and expenses incurred in connection therewith

Independent Examiner	means a person nominated by and independent of the licensee with the skill and knowledge to undertake an examination
Independent Technical Adviser or ITA	means the company appointed as independent technical adviser pursuant to the Independent Technical Adviser Deed
Independent Technical Adviser Deed	means the agreement that sets out the terms of the Independent Technical Adviser’s appointment, entered into between the Independent Technical Adviser, the licensee, the Authority and the Secretary of State and dated [●], and any subsequent deed entered into from time to time between those parties in substitution
Independent Valuer	means a suitably qualified professional nominated by, and independent of, the licensee with the skill and knowledge necessary to provide a justified valuation of the Relevant Asset
Information	has the meaning given to it in the standard conditions
Initial PCR Capacity Incentive	means, if applicable, the PCR Capacity Incentive that is included in the calculation of the PCR-RAB and determined by the Authority in accordance with Part D (<i>Calculating each PCR Capacity Incentive</i>) of Special Condition 29 (<i>PCR Capacity Incentive</i>)
Initial Regulatory Period	means the period commencing on the Licence Modification Date and ending on the earlier of: (a) the expiry of 60 years following Scheduled COD; and (b) any full revocation of the special conditions of the licence in accordance with Special Condition 12 (<i>Revocation</i>)
Instrument Credit Rating	means: (a) a “Long-Term Issue Credit Rating” by Standard & Poor’s Ratings Group or any of its subsidiaries; (b) a “Long-Term Obligation Rating” by Moody’s Investors Services Inc. or any of its subsidiaries; (c) a rating on the “Structured, Project & Public Finance Obligations Long Term Ratings Scale” by Fitch Ratings Ltd or any of its subsidiaries;

	<p>(d) a rating that the Authority directs is equivalent to those referred to in sub-paragraph (a), (b) or (c) and issued by:</p> <ul style="list-style-type: none"> (i) any of the credit rating agencies as referred to in sub-paragraph (a), (b) or (c); or (ii) any other reputable credit rating agency that, in the opinion of the Authority and notified to the licensee, has comparable standing in both the United Kingdom and the United States of America
Intervention Plan	<p>means a document or set of documents (which may be in a suitably secure electronic format) containing information that would be sufficient to allow a nuclear administrator (within the meaning given by section 39 of NEFA) readily to obtain the information listed in paragraphs 28(a) to (k) of Special Condition 5 (<i>Ringfencing</i>)</p>
Investment Grade Rating	<p>means in relation to any Issuer Credit Rating or Instrument Credit Rating, unless otherwise directed:</p> <ul style="list-style-type: none"> (a) one of the following: <ul style="list-style-type: none"> (i) a rating of not less than BBB- by Standard & Poor’s Ratings Group or any of its subsidiaries; (ii) a rating of not less than Baa3 by Moody’s Investors Services Inc. or any of its subsidiaries; (iii) a rating of not less than BBB- by Fitch Ratings Ltd or any of its subsidiaries; (iv) a rating that the Authority directs is equivalent to those referred to in sub-paragraph (i), (ii) or (iii) and issued by: <ul style="list-style-type: none"> (A) any of the credit rating agencies as referred to in sub-paragraph (i), (ii) or (iii); or (B) any other reputable credit rating agency that, in the opinion of the Authority and notified to the licensee, has comparable standing

	<p>in both the United Kingdom and the United States of America; or</p> <p>(b) such higher rating as may be specified by those agencies from time to time as the lowest investment grade credit rating</p>
Issuer Credit Rating	<p>means:</p> <p>(a) an issuer credit rating by Standard & Poor’s Ratings Group or any of its subsidiaries;</p> <p>(b) an issuer credit rating by Moody’s Investors Services Inc. or any of its subsidiaries;</p> <p>(c) an issuer credit rating by Fitch Ratings Ltd or any of its subsidiaries;</p> <p>(d) a rating that the Authority directs is equivalent to those referred to in sub-paragraph (a), (b) or (c) and issued by:</p> <p>(i) any of the credit rating agencies as referred to in sub-paragraph (a), (b) or (c); or</p> <p>(ii) any other reputable credit rating agency that, in the opinion of the Authority and notified to the licensee, has comparable standing in both the United Kingdom and the United States of America</p>
ITA Services	<p>means the services that the Independent Technical Adviser is to provide in accordance with the Independent Technical Adviser Deed</p>
IWACC	<p>means [●], being the initial WACC, in real terms, set by the Secretary of State prior to the Licence Modification Date that will apply for the Pre-PCR Phase</p>
K-factor	<p>means the correction term calculated in accordance with Part B (<i>K-factor true up</i>) of Special Condition 30 (<i>Allowed Revenue during the Pre-PCR Phase</i>) or Part B (<i>K-factor true up</i>) of Special Condition 47 (<i>Allowed Revenue during the Operations Phase</i>) (as the case may be)</p>
Labour Costs	<p>means:</p> <p>(a) from the Licence Modification Date up to (and including) the date of mechanical completion of</p>

	<p>Unit 1, up to [REDACTED] of the total cost of operations staff; and</p> <p>(b) following the mechanical completion of Unit 1 until the last day of the Pre-PCR Phase, the cost of operations staff</p>
Last Charging Year	means the period commencing on 1 April and ending on the last day of the Regulatory Period
Legal Requirement	<p>means any of the following:</p> <p>(a) any Act of Parliament or subordinate legislation, the common law, exercise of the royal prerogative or obligation arising from a treaty which is legally binding on the United Kingdom under international law;</p> <p>(b) any ordinance, code, decision, directive, order, decree, regulation, determination, standard, rule or published procedure, policy or guidance of:</p> <p>(i) the Secretary of State;</p> <p>(ii) other Competent Authority; or</p> <p>(iii) entity responsible for administering, issuing, modifying or updating any industry code, standard, rule, procedure, policy or guidance including the ESO and Future System Operator,</p> <p>in each case, which is legally binding on the licensee; and</p> <p>(c) any licence, consent, permission, direction or authorisation or similar given by the Secretary of State or other Competent Authority in relation to the Regulated Business or the Regulated Activities</p>
Licence Adjustment Event	<p>means the occurrence of any of the following events in relation to the licence or licensee:</p> <p>(a) any Relevant Change of Circumstance;</p> <p>(b) issuance of a Revocation Notice in relation to the licence or special conditions by the Authority;</p> <p>(c) the Secretary of State approves an IAR Application (in whole or in part) and modifies the</p>

	<p>licence accordingly, pursuant to section 7(1) of the Nuclear Energy Financing Act 2022;</p> <p>(d) the Authority’s PCR Determination and each subsequent PR Determination;</p> <p>(e) an extension to Scheduled COD or the Longstop Date;</p> <p>(f) any other event which the Authority and the licensee agree constitutes a Licence Adjustment Event</p>
Licence Modification Date	means the date on which modifications to the licensee’s generation licence made by the Secretary of State in accordance with section 6 of NEFA become effective, being the date on which the Revenue Collection Counterparty notifies the Authority that the conditions precedent to the Revenue Collection Contract have been satisfied or waived
Licensee’s Land Rights	means any legal or beneficial interest in (or right, title or interest in) land upon which assets falling within paragraphs (a) to (c) of the definition of “Relevant Asset” is situated (including any estate, interest, easement, right of access or other leasehold right in or over land including any leasehold interests or other rights to occupy or use and any contractual or personal rights in favour of the licensee relating to the occupation, use or acquisition of such property for the purposes of the Project or in connection with the Regulated Business or Regulated Activities)
Lifecycle Replacement	means the renewal or replacement of certain items of building fabric, plant and machinery, furniture, fittings and equipment to be renewed or replaced during the Initial Regulatory Period
Lifecycle Replacement Schedule	means the detailed annual lifecycle schedule showing when the Lifecycle Replacement will need to occur throughout the Initial Regulatory Period, and which forms part of the Asset Management Plan
Liquidity Building Block	means the liquidity building block calculated in accordance with Special Condition 36 (<i>Liquidity Building Block</i>)

Liquidity Multiplier	means [●] ¹⁷
Liquidity Support Amount	means the aggregate amount of any Revenue Support and/or Operational Incentive Adjustment amounts which are outstanding for repayment from time to time
London Stock Exchange	means the primary stock exchange in the United Kingdom
Longstop Date	means the date that is ■ years following Scheduled COD (as such date may be extended from time to time in accordance with Special Condition 42 (<i>Extensions to Scheduled COD or the Longstop Date</i>))
Lower Regulatory Threshold or LRT	means the Original Lower Regulatory Threshold as may be adjusted, if applicable, to reflect a Relevant Change of Circumstances in accordance with Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>), in Base Year prices
LSD Delay Event	means, for so long as the Commercial Operations Date has not been achieved, any incident, circumstance or event of any nature which arises in the period between Scheduled COD and the Longstop Date and is likely to result in a delay to achieving the Commercial Operations Date
LSD Extension Application	means an application from the licensee to the Authority requesting an extension to the Longstop Date owing to a Qualifying LSD Delay Event
Maintenance Reserve Account	means the account of that name to be opened by the licensee with account number [●], into which the Monthly Maintenance Reserve Accrual Amount is to be paid on a monthly basis and from which withdrawals can only be made to fund maintenance costs set out in the Maintenance Schedule
Maintenance Reserve Accrual Amount	means the annual amount that the licensee is required to pay into the Maintenance Reserve Account in the relevant Charging Year, as set out in the Asset Management Plan, to ensure that the balance standing to the credit of the Maintenance Reserve Account at any

¹⁷ **Note:** ■ Details of how the multiplier will be calibrated will be included in the licence at licence modification.

	time is sufficient to fund the works and services contemplated by the Maintenance Schedule at the relevant time and designed to ensure a smooth accruals profile
Maintenance Schedule	means a detailed annual maintenance schedule (including the licensee’s Lifecycle Replacement Schedule) prepared in order to meet the Asset Management Objectives and in accordance with the Asset Management Plan and Reporting Guidance, the Safety Case, environmental requirements and Good Industry Practice
Managing Director	means the individual appointed by the licensee pursuant to Part D (<i>Requirements of the Managing Director of the Regulated Business</i>) of Special Condition 6 (<i>Associate Transactions</i>)
Market Price	means, in respect of the service in question, the price that a willing buyer would pay to a willing seller in an arm’s length transaction after proper marketing and as ascertained by market testing conducted in accordance with Authority guidance
Market Price Adjustment or Market Price Adjustment Building Block	means the market price adjustment calculated in accordance with Special Condition 54 (<i>Market Price Adjustment Building Block</i>)
Market Price Adjustment Sharing Factor or MPASF	<p>means the proportion of the licensee’s over-performance or under-performance in the price per MWhr received by the licensee relative to the Applicable Reference Price expected to be received by the licensee in the same period, being:</p> <p>(a) unless otherwise determined by the Authority following consultation with (among others) the licensee, for the First Control Period, [REDACTED]; and</p> <p>(b) for each subsequent Control Period, such value as the Authority may determine at the most recent PR Determination,</p> <p>in either case, being the value set out under heading “MPA Sharing Factor” in [●] sheet of the Price Control Financial Model¹⁸</p>

¹⁸ Note: Sharing factor is subject to ongoing review.

Material Disposal	means a Disposal with a value greater than [REDACTED] (whether in a single transaction or a series of related transactions in any 12-month period)
Maximum RAB Capacity Incentive	means, unless otherwise determined by the Authority following consultation with (among others) the licensee, the maximum deduction that can be applied to the RAB via the Aggregate Capacity Incentive, pursuant to paragraph 17 of Special Condition 46 (<i>Through Life Capacity Incentive</i>)
Metering Compliance Obligations	means the following: <ul style="list-style-type: none"> (a) to ensure that the Metering Equipment in respect of each Unit (as applicable) and the Plant meets all applicable rules and standards provided for in the BSC; (b) to ensure that the Metering Equipment in respect of each Unit (as applicable) and the Plant accurately records, within the tolerances permitted by the BSC, the BM Unit Metered Volume in respect of that Unit; (c) to ensure that the Metering Equipment in respect of each Unit (as applicable) and the Plant measures the BM Unit Metered Volume referred to in sub-paragraph (b) separately from any other input and output electricity; and (d) to investigate any fault or issue with the Metering Equipment in respect of a Unit or the Plant of which it is notified by the [Authority] or required to investigate pursuant to the BSC
Metering Equipment	means, in respect of a Unit, the Metering Equipment measuring the flows of electricity associated with that Unit, its Metering System and its associated BM Unit(s)
Metering System	has the meaning given to it in the BSC
Minimum Performance Target	means [REDACTED] MWe net of parasitic load for each Unit in a Charging Year ¹⁹

¹⁹ Note: Subject to DESNZ technical review.

Mitigation Plan	means the plan that sets out any corrective actions that the licensee has implemented or intends to implement to mitigate the consequences of the Delay Event
Monthly Maintenance Reserve Accrual Amount	means one-twelfth of the Maintenance Reserve Accrual Amount for the relevant Charging Year
MSID	has the meaning given to it in the BSC
MWe	means megawatts electric
MWhr	means megawatt hours
[REDACTED]	[REDACTED]
NDA	means the nuclear decommissioning authority
NEFA	means the Nuclear Energy (Financing) Act 2022
Negative Rating Action	means a rating agency placing a rating on Negative Watch or a rating agency downgrading a rating to a lower rating
Negative Watch	means the mechanism or mechanisms used by the relevant credit rating agency to identify an issuer that is at risk of a credit rating downgrade in the short or long term, including negative designations of S&P CreditWatch, S&P Outlook, Fitch Rating Watch, Fitch Outlook, Moody's Watchlist, or Moody's Rating Outlook, as defined on the relevant rating agencies' websites from time to time
Non-Capitalised Totex Incentive	means the portion of the Totex Incentive that is included the Totex Building Block (and not capitalised to the RAB), calculated in accordance with Part C (<i>Totex Incentive</i>) of Special Condition 53 (<i>Totex Building Block</i>)
[REDACTED]	[REDACTED]
Nuclear Administration	means, in respect of the licensee, a relevant licensee nuclear company administration order has been issued in

	respect of the licensee in accordance with section 31 of the NEFA
Nuclear Administration and Statutory Transfers Agreement	means the nuclear administration and statutory transfers agreement entered into between (among others) the licensee and the Secretary of State on or around the Licence Modification Date as amended from time to time in accordance with its terms, or such other agreement as may be entered into between the Secretary of State and the licensee that deals with how the Regulated Assets should be dealt with following any Nuclear Administration or Statutory Transfer Scheme
Nuclear Site Licence	means the nuclear site licence granted to the licensee by the Office for Nuclear Regulation
Obligations	means the licensee’s obligations under this licence
ODI Incentive Cap	means: (a) unless otherwise determined by the Authority following consultation with (among others) the licensee, for the First Control Period, [REDACTED] greater than the return on equity; and (b) for each subsequent Control Period, such value as the Authority may determine at the most recent Periodic Review, in either case, being the value set out under the heading “ODI Incentive Cap” in [●] sheet of the Price Control Financial Model ²⁰
ODI Incentive Floor	means: (a) unless otherwise determined by the Authority following consultation with (among others) the licensee, for the first Control Period, [REDACTED] lower than the return on equity; (b) for each subsequent Control Period, such value as the Authority determined at the most recent Periodic Review, in either case, being the value set out under heading “ODI Incentive Floor” in [●] sheet of the Price Control Financial Model

²⁰ Note: Cap and floor level of the ODI incentive are subject to ongoing consideration and modelling.

Office for Nuclear Regulation or ONR	means the Office for Nuclear Regulation or its permitted successors
Open Market Value	means the estimated amount for which the Disposal should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion on the basis that it is assessed in accordance with the guidance contained in the RICS Valuation – Global Standards (November 2021) or any replacement or update of the same
Opening Regulated Asset Base or Opening RAB	means in respect of any Charging Year, the opening RAB value for that Charging Year calculated: <ul style="list-style-type: none"> (a) for each Charging Year in the Pre-PCR Phase, in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>); and (b) for each Charging Year in the Operations Phase, in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Operations Phase</i>) of Special Condition 45 (<i>Valuation of the Regulated Asset Base during the Operations Phase</i>)
Operation and Maintenance Plan	means the licensee's operation and maintenance plan in respect of the Regulated Assets, in the form most recently provided to the Authority in accordance with the RIGs
Operational Commissioning Tests	has the meaning given to such term in the [REDACTED]
Operational Incentives Adjustment Floor or OIA Floor	means: <ul style="list-style-type: none"> (a) unless otherwise determined by the Authority following consultation with (among others) the licensee, for the First Control Period, [REDACTED]; and (b) for each subsequent Control Period, such value as the Authority may determine at the most recent Periodic Review,

	in either case, being the value set out under the “OIA Floor” in [●] sheet of the Price Control Financial Model
Operational Incentives Adjustment or OIA	means the operational incentives adjustment calculated in accordance with Special Condition 57 (<i>Operational Incentives Adjustment</i>)
Operational Incentives Adjustment Repayment Amount	represents the aggregate value of the Operational Incentives Adjustment(s) that is outstanding, as more particularly described in Part B (<i>Operational Incentives Adjustment Repayment Amount</i>) of Special Condition 57 (<i>Operational Incentives Adjustment</i>)
Operational Incentives Repayment Building Block or OIR	means the operational incentives repayment building block calculated in accordance with Part B (<i>Operational Incentives Adjustment Repayment Amount</i>) of Special Condition 57 (<i>Operational Incentives Adjustment</i>)
Operational Incentives Repayment Cap or OIR Cap	means: (a) unless otherwise determined by the Authority following consultation with (among others) the licensee, for the First Control Period, [REDACTED]; and (b) for each subsequent Control Period, such value as the Authority may determine at the most recent Periodic Review, in either case, being the value set out under the “OIR Cap” in [●] sheet of the Price Control Financial Model
Operational Life	means the licensee’s technical assessment of the number of operational years that the Regulated Assets can continue to operate safely assuming that it is operated and maintained in accordance with its safety case and in compliance with applicable Legal Requirements
Operations Phase	means the period commencing on [1 April] following the PCR Determination and ending on the date that is [the earlier of: (a) the expiry of 60 years from Scheduled COD; and (b) any revocation of the special conditions of the licence in accordance with Special Condition 12 (<i>Revocation</i>), subject to any extension in accordance with Special Condition 12

<p>Operations Phase QCiL</p>	<p>means:</p> <ul style="list-style-type: none"> (a) a Discriminatory Change in Law; (b) a Specific Change in Law; and/or (c) a Change in Law or Regulation that comes into effect during the current Review Period and which involves capital expenditure, operational costs and/or savings, <p>which, in each case:</p> <ul style="list-style-type: none"> (i) was not foreseeable at the immediately preceding PCR Determination or PR Determination, as applicable; (ii) excludes any Change in Corporation Tax Law; and (iii) is, or will be, implemented during the Operations Phase, <p>provided that it does not arise as the direct and proportionate result of:</p> <ul style="list-style-type: none"> (A) the Authority exercising its discretion to amend the licence conditions in accordance with its statutory powers; (B) the Authority exercising its powers under the licence conditions from time to time; (C) non-compliance with, or a breach of or default of, related Legal Requirements by the licensee; (D) a failure by the licensee to act in accordance with Good Industry Practice; or (E) the licensee acting in a manner that may reasonably be considered as subverting the clear and objective intent of related Legal Requirements, such intent to be assessed by reference to publicly available information
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Opex Building Block	means the building block applicable to the calculation of Allowed Revenue described in Part A (<i>Opex Building Block</i>) of Special Condition 37 (<i>Opex Building Block</i>)
Opex De Minimis Amount	means [REDACTED] [(stated in real (Base Year) prices)] per Charging Year (when aggregated with all other Allowable Operational Spend incurred or saved in that Charging Year due to Qualifying Changes in Law which satisfy the conditions in paragraphs (A) to (E) of the definition of RCC Trigger Event)
Opex Incentive	means the adjustment to the Opex Building Block in respect of any overspend or underspend relative to the Opex Pre-PCR Allowance, calculated in accordance with Part D (<i>Determining the Opex Incentive</i>) of Special Condition 37 (<i>Opex Building Block</i>)
Opex Incentive (Base Year, ACI)	means the proportion of overspends or savings of Actual Allowable Operational Spend (ACI) as compared to the Opex Pre-PCR Allowance, after application of the Opex Sharing Factor and as determined in accordance with Part D (<i>Determining the Opex Incentive</i>) of Special Condition 37 (<i>Opex Building Block</i>)
Opex Incentive (Current Prices, ACI)	means, in respect of any Charging Year, the value of the Opex Incentive (Base Year, ACI) when inflated to nominal prices by the Weighted Average ACI (Opex) for that Charging Year, as determined in accordance with Part D (<i>Determining the Opex Incentive</i>) of Special Condition 37 (<i>Opex Building Block</i>)
Opex Pre-PCR Allowance	means the Original Opex Pre-PCR Allowance, as may be adjusted from time to time for, if applicable, adjustments to reflect a Relevant Change of Circumstances in accordance with Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>)
Opex Sharing Factor or OSF	means, the proportion of any Actual Allowable Operational Spend overspend or underspend to be allocated to the licensee as determined in accordance with Part C (<i>Determining the Opex Sharing Factor</i>) of Special Condition 37 (<i>Opex Building Block</i>)

Original Baseline Target Capacity	[means █████ MWe net of parasitic load for each Unit in a Charging Year] ²¹
Original Lower Regulatory Threshold	means £[●] in Base Year Prices, as determined by the Secretary of State
Original Opex Pre-PCR Allowance	means £[●] in Base Year Prices, as determined by the Secretary of State
Output Testing	means the testing to be undertaken by the licensee to establish the capacity (in MWe) of the electricity generation station forming part of the Regulated Assets ²²
Outstanding Revenue Support Adjustment	means the annual deduction to be made to the Allowed Revenue in any Charging Year in respect of an Unavailability Revenue Repayment Amount which is due from the licensee as described in Part C (<i>Significant Unavailability Revenue Support repayments</i>) of Special Condition 56 (<i>Revenue Support</i>)
Outstanding Revenue Support Adjustment Building Block	means the building block applicable to the calculation of Allowed Revenue to reflect the deduction to be made to the Allowed Revenue in respect of any Unavailability Revenue Repayment Amount, as described in Part C (<i>Significant Unavailability Revenue Support repayments</i>) of Special Condition 56 (<i>Revenue Support</i>)
Partial Revocation	means a revocation of those special conditions that are not required for the purposes of maintaining the licensee’s entitlement to an Allowed Revenue equal to the FDP Allowance Building Block and any associated obligations to fund the FDP Account
Partial Revocation Period	means such period as determined by the Authority, subject to a maximum of █████ years commencing on the date of the applicable Revocation Notice in respect of a Partial Revocation
Participating Interest	has the meaning given to it in section 421A of the Financial Services and Markets Act 2000
Participating Owner	a person is subject to a Participating Interest by another person (a “Participating Owner”) if:

²¹ Note: Subject to DESNZ technical due diligence.

²² Note: Subject to DESNZ technical review.

	<p>(a) that other person holds a Participating Interest in the person; or</p> <p>(b) the person is subject to a Participating Interest by a person who is himself subject to a Participating Interest by that other person,</p> <p>but it will not include His Majesty’s Government or any entity that is under the control of His Majesty’s Government</p>
Pass-Through Costs	means the annual allowance of costs in connection with the Project that the licensee is permitted to pass through pursuant to Special Condition 35 (<i>Pass-Through Costs Building Block during the Pre-PCR Phase</i>) or Special Condition 51 (<i>Pass-Through Costs Building Block during the Operations Phase</i>), as applicable
Pass-Through Costs Audit	<p>means the independent audit, undertaken by an external auditor, of:</p> <p>(a) the licensee’s Pass-Through Costs; and</p> <p>(b) any costs incurred (or forecast to be incurred) by FundCo in implementing FundCo’s obligations [and, if applicable, exercising its rights] under or in relation to the FDP to be included in the FDP Allowance Building Block, and</p> <p>which is conducted in accordance with the process set out in the Pass-Through Costs Audit Guidance</p>
Pass-Through Costs Audit Guidance	means the guidance issued by the Authority from time to time, which is published on the Authority’s Website and sets out how the Pass-Through Costs Audit must be conducted and what it must cover
Pass-Through Costs Building Block	means the building block applicable to the calculation of Pass-Through Costs described in paragraph 5 of Special Condition 35 (<i>Pass-Through Costs Building Block during the Pre-PCR Phase</i>) and paragraph 5 Special Condition 51 (<i>Pass-Through Costs Building Block during the Operations Phase</i>), as applicable
PCFM Variable Values	means the values in the table of that name in the Price Control Financial Handbook
PCR Business Plan	means the business plan that the licensee must submit to the Authority no later than the Post Construction Review

	Start Date and which is in accordance with the requirements of Special Condition 16 (<i>Business Plan Submission</i>)
PCR Capacity Incentive	means each annual adjustment to be made to the RAB value to reflect the Target PCR Capacity Incentive
PCR Capacity Incentive Application Period	means, where paragraph 6(b) of Special Condition 29 (<i>PCR Capacity Incentive</i>) applies, the number of Charging Years across which the Target PCR Capacity Incentive will be deducted from the RAB (as determined by the Authority being up to ██████ Charging Years, or as adjusted (where applicable) in accordance with Part C (<i>Changes to the Target PCR Capacity Incentive</i>) of Special Condition 29)
PCR Determination	means the determination that is issued by the Authority to the licensee at the conclusion of the Post Construction Review, in accordance with Special Condition 43 (<i>Post Construction Review</i>)
PCR-RAB	means the value of the Closing RAB as at the Charging Year in which the Authority issues its PCR Determination (being the Opening RAB for the first Charging Year in the Operations Phase), after adjustments have been made to account for any applicable incentives that apply to the Pre-PCR Phase, including the Initial PCR Capacity Incentive
Periodic Review or PR	[means the review of the Regulated Business to be carried out by the Authority at regular intervals following the Post Construction Review in accordance with Special Condition 58 (<i>Periodic Reviews</i>)]
Periodic Review Start Date or PR Start Date	means: <ul style="list-style-type: none"> (a) in respect of the first Periodic Review, [1 November] following the third anniversary of the start of the first Control Period; and (b) in respect of each subsequent Periodic Review, the fifth anniversary of the start date of the previous Periodic Review
Permanent Early Closure	means, during the Initial Regulatory Period, either:

	<p>(a) a request by the licensee to the ONR to permanently shut down both Units (or, if applicable, the last Unit which remains operational) for any reason; or</p> <p>(b) the licensee is permanently prevented from:</p> <p>(i) commencing, continuing or resuming construction of the Plant (or a material part of it) or the Units or commencing, continuing or resuming nuclear generation from the Plant or the Units, including through the imposition of a requirement (including input externalities, including any fuel import restriction); or</p> <p>(ii) following First Criticality, restarting both Units (or, if applicable, the last Unit which remains operational), including through the refusal or withholding of consent to the Unit(s) being restarted in circumstances where the Unit(s) would otherwise be capable of lawfully being constructed or generating electricity; and</p> <p>(iii) in respect of any permanent closure that occurs following First Criticality, the licensee has sought (and not withdrawn its application for) consent from any regulator with jurisdiction over the licensee and/or with respect to this licence to start a decommissioning project in respect of both Units (or, where one Unit has already commenced decommissioning, the last Unit to be operational)</p>
Permitted Payment	<p>means any of the following:</p> <p>(a) a payment made pursuant to and in accordance with the Government Support Package;</p> <p>(b) a payment made pursuant to and in accordance with the Approved Contracts;</p> <p>(c) any FDP Contribution (as defined in the FAP) made to FundCo in accordance with the FAP; or</p>

	(d) [<i>other contracts in existence as at the Licence Modification Date</i>]
Permitted Purpose	means the purpose of any or all of the following: (a) the Regulated Business; (b) the Regulated Activities; (c) any business or activity within the limits of paragraph 4 of Special Condition 5 (<i>Ringfencing</i>); (d) any business or activity to which the Authority has given its consent in accordance with paragraph 5(d) of Special Condition 5; and (e) without prejudice to the generality of sub-paragraphs (a) to (d), any payment or transaction lawfully made or undertaken by the licensee for a purpose within paragraphs 5(a) to (g) of Special Condition 10 (<i>Indebtedness</i>)
Permitted Transaction	means any arrangements put in place pursuant to and in accordance with any or all of the following: (a) the Approved Contracts; (b) the Government Support Package; (c) any debt facilities provided by the Government; and/or (d) the FAP
Permitted Voting Matters	means the following matters: (a) decisions in relation to the Government Support Package; (b) [●] ²³
Phase	means the Pre-PCR Phase or the Operations Phase (as the case may be)
Planned Capacity Reduction	means, with respect to either or both Units, any load reductions contemplated in the licensee's most recent Business Plan
Planned Energy Losses	means the energy in MWhe, that is forecast to be foregone as a result of any Planned Outage or Planned Capacity Reduction, of either or both Units in the

²³ Note: Subject to further consideration.

	relevant Charging Year and which, in either case, are reasonably expected to be required as determined by the Authority after considering the information provided in the licensee's Operation and Maintenance Plan
Planned Outage	means a period contemplated in the licensee's planned outage schedule for the relevant Charging Year (as set out in its most recent Business Plan) during which either or both Units are deenergised
Plant	means the electricity generation station forming part of the Regulated Assets
Post Construction Review or PCR	means a review of the Regulated Business to be carried out by the Authority in accordance with Special Condition 43 (<i>Post Construction Review</i>) commencing on the Post Construction Review Start Date and ending on the date that the Authority issues the PCR Determination
Post Construction Review Start Date or PCR Start Date	means the first anniversary of the Commercial Operations Date
Potential Mitigating Actions	means actions designed to improve the Issuer Credit Rating, Significant Instrument Credit Rating and/or financial resilience, including: <ul style="list-style-type: none"> (a) dividend restraint; (b) equity injection or other additional sources of finance; (c) profiling of investment within the Control Period; (d) cost reduction; (e) profiling of financial liabilities within the Control Period; and (f) if relevant, negotiations with lenders regarding covenants and possible exemptions
PR Business Plan	means the business plan that the licensee must submit to the Authority prior to each Periodic Review and which is in accordance with the requirements of Special Condition 16 (<i>Business Plan Submission</i>)
PR Determination	means the determination issued by the Authority to the licensee at the conclusion of each Periodic Review, in

	accordance with Special Condition 58 (<i>Periodic Reviews</i>)
Pre-PCR Phase	means the period commencing on the Licence Modification Date and continuing up to 31 March following the PCR Determination
Predicted Overrun	<p>means:</p> <p>(a) the amount (if any) by which the aggregate of:</p> <ul style="list-style-type: none"> (i) the Day-1 RAB; (ii) Cumulative Actual Allowable Capital Spend (ACI); (iii) Projected Allowable Capital Spend; and (iv) any other Allowable Capital Spend (disregarding limb (n) of the definition of Excluded Capital Spend) not captured in sub-paragraphs (i) to (iii), estimated on a forward-looking basis to be incurred by the licensee from that point in time up to the Commercial Operations Date (deflated to real (Base Year) prices by ACI), <p>is estimated to exceed the Higher Regulatory Threshold; or</p> <p>(b) (where the Secretary of State has approved an IAR Application) the amount (if any) by which the aggregate of:</p> <ul style="list-style-type: none"> (i) the Day-1 RAB; (ii) Cumulative Actual Allowable Capital Spend (ACI); (iii) Projected Allowable Capital Spend; (iv) Additional Allowable Spend incurred by the licensee at that point in time (stated in Base Year prices by way of deflation for the Charging Year when incurred based on the ACI for that Charging Year); (v) Estimated Additional Allowable Spend at that point in time (if any); (vi) Forecast Additional Allowable Spend from that point in time (if any); and

	<p>(vii) any other Allowable Capital Spend (disregarding limb (n) of the definition of Excluded Capital Spend) not captured in sub-paragraphs (i) to (vi) estimated on a forward-looking basis to be incurred by the licensee from that point in time up to the Commercial Operations Date (deflated to real (Base Year) prices by ACI),</p> <p>is estimated to exceed the aggregate of the Higher Regulatory Threshold and the amount (if any) of Additional Allowable Spend approved by the Secretary of State pursuant to any IAR Application</p>
Prescribed Rates	means business rates in England and Wales or any equivalent tax or duty replacing such rates that is levied on the licensee in respect of the Regulated Activities
Present Value Additional Closing Regulated Asset Base or Present Value Additional Closing RAB	means in respect of any Charging Year, the present value of the Additional Closing RAB in that Charging Year, calculated in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>)
Present Value Below HRT Closing Regulated Asset Base or Present Value Below HRT Closing RAB	means in respect of any Charging Year, the present value of the Below HRT Closing RAB in that Charging Year, calculated in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>)
Present Value Closing Regulated Asset Base or Present Value Closing RAB	<p>means, in respect of any Charging Year, the present value closing RAB for that Charging Year calculated:</p> <p>(a) for each Charging Year in the Pre-PCR Phase, in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>); and</p> <p>(b) for each Charging Year in the Operations Phase, in accordance with Part C (<i>Calculation of the Opening RAB and the Closing RAB during the</i></p>

	<i>Operations Phase</i>) of Special Condition 45 (<i>Valuation of the Regulated Asset Base during the Operations Phase</i>)
Price Control Financial Guidance or PCFM Guidance	means the guidance to be issued and updated by the Authority, and published on the Authority’s Website, that sets out the steps that the licensee must comply with when completing the Annual Revenue Setting Process and which includes, amongst other things: <ul style="list-style-type: none"> (a) instructions and guidance on how to populate the PCFM Variable Values for submission for an Annual Revenue Setting Process; (b) instructions and guidance on the process and timeframe for reporting and submitting the required data; and (c) any requirements for Supporting Information, documentation or commentary that are to be submitted
Price Control Financial Handbook or PCFM Handbook	means the handbook to be issued and updated by the Authority, and published on the Authority’s Website, which sets out, amongst others, the details of all the assumptions, calculations and methodology included in the Price Control Financial Model together with any other documentation necessary to operate it
Price Control Financial Instruments	means the Price Control Financial Model, the Price Control Financial Guidance and the Price Control Financial Handbook
Price Control Financial Model or PCFM	means the model, represented by a workbook in Microsoft Excel®, that is issued by the Authority to the licensee on or before the Licence Modification Date, and subsequently modified by the Authority in accordance with Special Condition 26 (<i>Price Control Financial Model</i>) in order to deliver the Price Control Financial Model Objectives
Price Control Financial Model Objectives	means the objectives of the Price Control Financial Model, which are to facilitate the determination of the Allowed Revenue by the Authority in accordance with the special conditions

Price Differential Multiplier	<p>means:</p> <p>(a) unless otherwise determined by the Authority following consultation with (among others) the licensee, for the First Control Period, [[●] %]; and</p> <p>(b) for each subsequent Control Period, such value as the Authority may determine at the most recent Periodic Review,</p> <p>in either case, being the value set out under heading “Price Differential Multiplier” in [●] sheet of the Price Control Financial Model</p>
Price Differential Threshold	means the price differential threshold expressed in £/MWhr calculated in accordance with the formula set out in Special Condition 56 (<i>Revenue Support</i>)
Project	means the financing, design, construction, commissioning, acceptance, operation, maintenance, decommissioning and ownership of the Regulated Assets and the Site
Project Specification	means [●] ²⁴
Projected Allowable Capital Spend	<p>means the aggregate of any Allowable Capital Spend:</p> <p>(a) which has been incurred by the licensee but which has not yet been accounted for as Cumulative Actual Allowable Spend; and</p> <p>(b) estimated (on a forward-looking basis) to be incurred by the licensee in accordance with this licence,</p> <p>in either case deflated by ACI and stated in real (Base Year) prices</p>
Proving Run	means the Commercial Operations Date requirement described in paragraph 16 of Special Condition 40 (<i>Commercial Operations</i>)
Published Rating Report	<p>means a rating action announcement, credit opinion report, rating report, research update or transaction update that:</p> <p>(a) specifically relates to the licensee, and</p>

²⁴ Note: DESNZ await a copy of the draft project specification for its review.

	(b) is published by any rating agency that is paid by the licensee (or a Group Company) to provide either an Issuer Credit Rating or a Significant Instrument Credit Rating
Qualified Professional Land Valuation Expert	means a person who is: (a) unless agreed otherwise by the Authority, a member or fellow of the Royal Institution of Chartered Surveyors (or such other professional body as the Authority may determine) with at least [10] years post-qualification experience; and (b) considered to be suitable by the Authority (acting reasonably)
Qualifying Change in Law	means: (a) a Discriminatory Change in Law; (b) a Specific Change in Law; and/or (c) a Change in Law or Regulation that comes into effect during the Regulatory Period and which involves capital expenditure, operational costs and/or savings or which results in a delay or impediment to achieving the Commercial Operations Date, and, in each case: (d) was not foreseeable at the Licence Modification Date; and (e) excludes any Change in Corporation Tax Law
Qualifying Scheduled COD Delay Event	means a Scheduled COD Delay Event that is, or is the result of, a Qualifying Change in Law or a Force Majeure Event
Qualifying LSD Delay Event	means an LSD Delay Event that is, or is the result of, a Qualifying Change in Law or a Force Majeure Event
Quinquennial Report	has the meaning given to it in regulation 9 of The Nuclear Decommissioning and Waste Handling (Finance and Fees) Regulations 2013
RAB or Regulated Asset Base	means the licensee's regulated asset base for the purposes of this licence and, in respect of any Charging

	Year, will be the Opening RAB or the Closing RAB in respect of that Charging Year (as the context requires)
RAB Addition	<p>means, in respect of any Charging Year, the addition to the RAB value in that Charging Year calculated:</p> <p>(a) for each Charging Year in Pre-PCR Phase, in accordance with Part E (<i>Calculation of the RAB Addition for each Charging Year in the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>); and</p> <p>(b) for each Charging Year in the Operations Phase, in accordance with Part E (<i>Calculation of the RAB Addition for each Charging Year in the Operations Phase</i>) of Special Condition 45 (<i>Valuation of the Regulated Asset Base during the Operations Phase</i>)</p>
Rated Capacity	<p>means the higher of:</p> <p>(a) Actual Capacity as demonstrated by the most recent Output Testing results provided to the Authority for the purposes of, as applicable:</p> <p>(i) the PCR Determination or the most recent PR Determination;</p> <p>(ii) (if there has been an adjustment to the PCR Capacity Incentive during the PCR Capacity Incentive Application Period) calculating the adjustment to the PCR Capacity Incentive; or</p> <p>(iii) (if there has been an adjustment to the Through Life Capacity Incentive during the Through Life Capacity Incentive Application Period) calculating the adjustment to the PCR Capacity Incentive or Through Life Capacity Incentive; and</p> <p>(b) the aggregate capacity assuming both Units are operating at the Minimum Performance Target</p>
RCC Adjustment	means, in relation to a Relevant Change of Circumstance, the RCC LRT Adjustment, the RCC HRT Adjustment and/or the RCC Opex PPA Adjustment in

	relation to such Relevant Change of Circumstance (as applicable)
RCC Adjustment Application	means a written application submitted by the licensee to the Authority requesting RCC Adjustment(s) in relation to an RCC Trigger Event, pursuant to and in accordance with Part B (<i>Determination of a Relevant Change of Circumstance</i>) of Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>)
RCC LRT Adjustment	means an adjustment to be made to the Lower Regulatory Threshold as a consequence of the occurrence of a Relevant Change of Circumstance as determined by the Authority in accordance with Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>)
RCC Capex Net Amount	means, in respect of any Relevant Change of Circumstance: (a) any RCC Capex Spend in relation to such Relevant Change of Circumstance; less (b) any RCC Capex Savings in relation to such Relevant Change of Circumstance, and, for the avoidance of doubt, will be expressed as a negative amount if the result is negative
RCC Capex Savings	means all savings and efficiencies (including insurance proceeds (whether pursuant to commercial insurance arrangements or as may be provided by the Secretary of State pursuant to the Supplemental Compensation Agreement) and other compensation) which would have constituted Allowable Capital Spend and which are wholly and exclusively made or forecast to be made as a result of a Relevant Change of Circumstance occurring or becoming effective
RCC Capex Spend	means any Allowable Capital Spend wholly and exclusively incurred, or to be incurred, during the Pre-PCR Phase as a result of a Relevant Change of Circumstance occurring or becoming effective
RCC Cost Determination Process	means the process to determine the value of the relevant RCC Adjustment(s) by the Authority, after the Authority has determined that a Relevant Change of Circumstance

	has occurred in accordance with Part C (<i>RCC Cost Determination Process</i>) of Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>)
RCC HRT Adjustment	means the adjustment to be made to the Higher Regulatory Threshold as a consequence of an RCC LRT Adjustment being made, as determined by the Authority in accordance with Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>)
RCC Opex Net Amount	means, in respect of any Relevant Change of Circumstance: (a) any RCC Opex Spend in relation to such Relevant Change of Circumstance; less (b) any RCC Opex Savings in relation to such Relevant Change of Circumstance, and, for the avoidance of doubt, will be expressed as a negative amount if the result is negative
RCC Opex PPA Adjustment	means the adjustment to be made to the Opex Pre-PCR Allowance as a consequence of the occurrence of a Relevant Change of Circumstance, as determined by the Authority in accordance with Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>)
RCC Opex Savings	means all savings and efficiencies (including insurance proceeds (whether pursuant to commercial insurance arrangements or as may be provided by the Secretary of State pursuant to the Supplemental Compensation Agreement) and other compensation) which would have constituted Allowable Operational Spend and which are wholly and exclusively made or forecast to be made as a result of a Relevant Change of Circumstance occurring or becoming effective
RCC Opex Spend	means any Allowable Operational Spend wholly and exclusively incurred, or forecast to be incurred, during the Pre-PCR Phase as a result of a Relevant Change of Circumstance occurring or becoming effective
RCC Savings	means, in relation to any Relevant Change of Circumstance, the aggregate of any RCC Capex Savings

	and any RCC Opex Savings in relation to such Relevant Change of Circumstance
RCC Spend	means, in relation to any Relevant Change of Circumstance, the aggregate of any RCC Capex Spend and any RCC Opex Spend in relation to such Relevant Change of Circumstance
RCC Trigger Event	<p>means each of the following events:</p> <p>(a) an unforeseen pandemic which is officially recognised by the World Health Organisation or otherwise results in government ordered restrictions;</p> <p>(b) a Qualifying Change in Law, which in either case results in:</p> <p>(i) the absolute value of the RCC Capex Net Amount exceeding the Capex De Minimis Amount; or</p> <p>(ii) the absolute value of any RCC Opex Net Amount exceeding the Opex De Minimis Amount; and</p> <p>provided that, in the case of sub-paragraph (b), the Qualifying Change in Law does not arise as the direct and proportionate result of:</p> <p>(A) the Authority exercising its discretion to amend the licence conditions in accordance with its statutory powers;</p> <p>(B) the Authority exercising its powers under the licence conditions from time to time;</p> <p>(C) non-compliance with, or a breach of or default of, related Legal Requirements by the licensee, which is not remedied within a reasonable timeframe;</p> <p>(D) a failure by the licensee to act in accordance with Good Industry Practice;</p>

	(E) the licensee acting in a manner that may reasonably be considered as subverting the clear and objective intent of related Legal Requirements, such intent to be assessed by reference to publicly available information
Receivable	means a contractual right to receive any sum or sums or any other financial asset from another person
Recovered Revenue	means the recovered revenue for Charging Year _{t-2} calculated in accordance with: (a) for any Charging Year during the Pre-PCR Phase, paragraph 10 of Special Condition 30 (<i>Allowed Revenue during the Pre-PCR Phase</i>); and (b) for any Charging Year during the Operations Phase, paragraph 9 of Special Condition 47 (<i>Allowed Revenue during the Operations Phase</i>)
Reference Ambient Conditions	means the environmental conditions representative of the annual mean (or typical) ambient conditions for the relevant unit
Reference Energy Generation	means the reference energy generation (MW(e)h) for the relevant Charging Year, and reflects the net electricity output that would be produced if both Units were operated at their Rated Capacity for the entire Charging Year
Reference Notice	means a notice given by the licensee to the Authority referring for determination any of the matters listed in paragraph 3 of Special Condition 11 (<i>References to the Competition and Markets Authority</i>) or otherwise as permitted by this licence and in accordance with the NEFA
Reference Price	means the BMRP or such other reference price specified by the Authority: (a) as part of its PCR Determination, or (b) as part of its PR Determination, and provided that in either case any amendment to the Reference Price will constitute a licence modification

Reference Price Provider	means: (a) for such period as the Reference Price is the BMRP, EMR Settlement Limited or its successor; or (b) where any other Reference Price applies, such party as the Authority notifies to the licensee
Regulated Activities	means the design, construction, commissioning, financing, operation, maintenance and decommissioning of the Regulated Assets, the purchasing and use of nuclear fuel, the accumulation of a fund to finance the carryout of any decommissioning activities, the trading of electricity generated and any associated activities necessary to [implement the Project in accordance with the Project Specification ²⁵ and] comply with all applicable regulatory and legal requirements (including environmental permits, the Nuclear Site Licence and the Development Consent Order)
Regulated Assets	means: (a) in respect of Special Condition 18 (<i>Asset Management Plans</i>), such part of the assets described in sub-paragraph (b) in respect of which the Commercial Operations Verification Date has been achieved as at the date of the Asset Management Plan; or (b) in all other cases, the electricity generating station with a net electrical output of approximately ██████ MWe power generated by two nuclear reactor units, and any associated infrastructure ²⁶
Regulated Business	means the business consisting of the carrying out by the licensee of the Regulated Activities
Regulatory Period	means, as the case may be, the Initial Regulatory Period or the Extended Regulatory Period
Related Party Land Disposal	means any Disposal of any of the Licensee's Land Rights to an Associate

²⁵ **Note:** Subject to agreement on the Project Specification.

²⁶ **Note:** DESNZ await further details as to what the 'associated infrastructure' will comprise and whether this will be detailed in the Project Specification.

Related Undertaking	means, in relation to any person, any undertaking in which such person has a Participating Interest, but will not include His Majesty’s Government or any entity that is under the control of His Majesty’s Government
Relevant Asset	means: (a) the Regulated Assets; (b) any other asset used in conjunction with the Regulated Assets; (c) any other asset used for, or acquired for the purposes of, the Project or in connection with the Regulated Business or Regulated Activities; (d) any of the Licensee’s Land Rights; and (e) any items on the licensee’s register of Strategic Spares
Relevant Associate	means an Associate in which the licensee holds shares or other investments
Relevant Change of Circumstance or RCC	means any RCC Trigger Event that has been determined by the Authority to constitute a “Relevant Change of Circumstance” pursuant to and in accordance with Part B (<i>Determination of a Relevant Change of Circumstance</i>) of Special Condition 44 (<i>Relevant Change of Circumstance during the Pre-PCR Phase</i>)
Relevant Reference Price Period	means, in any Charging Year: (a) where the Reference Price is the BMRP, each of: (i) the summer season which covers April to September; and (ii) the winter season which covers October to March; or (b) where any other Reference Price applies, each period in respect of which the Reference Price is formally published and which falls within the relevant Charging Year
Relevant Valuation Authority	means the Valuation Office Agency in England and Wales or any successor authority or body
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 and “Relinquish Operational Control” and similar expressions will be construed accordingly
Repayment Multiplier or RM	means [REDACTED] or such other value set by the Authority at the most recent Periodic Review
Return on Capital Building Block or RoC	means the building block applicable to the calculation of Allowed Revenue described in Special Condition 31 (<i>Return on Capital Building Block during the Pre-PCR Phase</i>) or Special Condition 48 (<i>Return on Capital Building Block during the Operations Phase</i>)], as applicable
Revenue Amount before Power or RABP	means: (a) if the Authority has approved a licensee application for in-year Revenue Support, the amount calculated in accordance with paragraph 37 of Special Condition 56 (<i>Revenue Support</i>); and (b) in all other cases, the amount calculated in accordance with paragraph 12 of Special Condition 25 (<i>Difference Payments</i>)
Revenue Collection Contract	means the revenue collection contract entered into between the licensee and the Revenue Collection Counterparty
Revenue Collection Counterparty	means the entity designated as revenue collection counterparty by the Secretary of State pursuant to their powers under NEFA
Revenue Support	means either, or both (as the context may require), Significant Unavailability Revenue Support and/or Buyback of Power Revenue Support
Revenue Support Cap	means, for Charging Year _t , [REDACTED]
Revocation Event	means the occurrence of any one of the events set out in Part A (<i>Revocation events</i>) of Special Condition 12 (<i>Revocation</i>), following which the Authority may issue a Revocation Notice

Revocation Notice	means a notice issued by the Authority to the licensee following a Revocation Event revoking the special conditions, in whole or part (as applicable), on not less than 30 days' notice pursuant to Special Condition 12 (<i>Revocation</i>)
RIGs	means the Regulatory Instructions and Guidance published by the Authority under Special Condition 21 (<i>Regulatory Instructions and Guidance (RIGs)</i>)
Risk Assessment	means an assessment of the likelihood and potential impact of any inaccurate or incomplete reporting, or any misreporting, of Data by the licensee to the Authority under this licence (as may be further clarified in the Data Assurance Guidance)
RWACC	means the WACC, in real terms, for a given Charging Year and determined by the Authority at the PCR Determination and each subsequent PR Determination, and as may be amended in accordance with Annual Revenue Setting Process ²⁷
Safety Case	means the nuclear safety case for the Plant that the licensee is required to maintain in accordance with its Nuclear Site Licence, as may be amended from time to time
Scheduled COD	means [●], being the date on which the Commercial Operations Date is scheduled to be achieved on both Units, as may be extended from time to time in accordance with Part B (<i>Scheduled COD Extension Application</i>) of Special Condition 42 (<i>Extensions to Scheduled COD or the Longstop Date</i>)
Scheduled COD Delay Event	means any incident, circumstance or event of any nature likely to result in the Commercial Operations Date of either or both Units not occurring by the Scheduled COD
Scheduled COD Extension Application	means an application from the licensee to the Authority requesting an extension to Scheduled COD owing to a Qualifying Scheduled COD Delay Event

²⁷ **Note:** Annual adjustments are currently expected to be limited to adjustments to reflect indexation.

Scheduled COD Unit 1	means the date on which the Commercial Operations Date is scheduled to be achieved on the first Unit, as may be extended in accordance with this licence
Scheduled First Criticality	means the date on which the first Unit is scheduled to achieve First Criticality
Scheduled First Criticality Payment Date	means the date that is 5 Working Days before Scheduled First Criticality
Second Charging Year or Charging Year _{t2}	means the Charging Year commencing on [1 April] immediately following the end of the First Charging Year and ending on [31 March] of the following calendar year
Secretary of State	means the Secretary of State for Energy Security and Net Zero
Shareholders' Direct Agreement	means the shareholders' direct agreement entered into between (among others) the Secretary of State and the licensee on or around the Licence Modification Date, as amended from time to time in accordance with its terms
Significant Instrument Credit Rating	means an Instrument Credit Rating relating to debt issued by the licensee or a funding vehicle of the licensee that represents more than 10% of the licensee's total debt
Significant Unavailability Event	<p>means one or more Unplanned Outages or Unplanned Capacity Reductions that results in:</p> <p>(a) for the purposes of any in-year Revenue Support applications:</p> <p>(i) forecast Availability for that Charging Year being lower than the Target UCF for that Charging Year; and</p> <p>(ii) the licensee's expected Recovered Revenue for that Charging Year being less than the Allowed Revenue Floor for that Charging Year;</p> <p>(b) for the purposes of any Revenue Support applications in Charging Year_{t-1}:</p> <p>(i) Actual UCF for the relevant Charging Year being lower than the Target UCF for Charging Year_{t-2}; and</p>

	(ii) the licensee's Recovered Revenue being less than the Allowed Revenue Floor for Charging Year _{t-2}
Significant Unavailability Liquidity Drawstops	means each of the following circumstances: (a) the Liquidity Support Amount is equal to or greater than the Revenue Support Cap; (b) the Authority considers that there is no reasonable prospect that the licensee will be able to repay the liquidity support before the expiry of the Initial Regulatory Period; (c) the licensee is in nuclear administration
Significant Unavailability Revenue Support	means, in respect of a Significant Unavailability Event, the revenue support amount provided to the licensee, as calculated in accordance with Part B (<i>Significant Unavailability Revenue Support amount</i>) and, in respect of in-year applications for Revenue Support, Part G (<i>In-Year adjustment to Difference Payments</i>) of Special Condition 56 (<i>Revenue Support</i>) (less any Unavailability Liquidity Clawback Amount)
Significant Unavailability Revenue Support Building Block	means the building block applicable to the calculation of Allowed Revenue described in Part B (<i>Significant Unavailability Revenue Support amount</i>) of Special Condition 56 (<i>Revenue Support</i>)
Single Appointed Director	means a member of the Board appointed for the purpose of ensuring the performance of, and overseeing the duties and tasks of, the Compliance Officer and the licensee's compliance with the Specified Duties
Site	means the Sizewell C site in Suffolk in the United Kingdom as represented by the red line on the site map set out in Annex [●] of [●]
Social Benefits and Communications Allowance	means £[●], being the licensee's allowance for each Charging Year in respect of Allowable Social Benefits and Communications Costs
Social Benefits and Communications Rebate	means the social benefits and communications rebate calculated in accordance with paragraph 5 or 6 (as applicable) of Special Condition 38 (<i>Social Benefits and Communications Costs Building Block</i>)

Specific Change in Law	means any Change in Law or Regulation that specifically relates to: (a) carrying out activities the same as, or similar to, the Regulated Activities; or (b) the holding of shares in companies whose main business is providing the design, development, construction or operation of a nuclear plant under a nuclear licence
Specified Duties	means the obligations of the licensee set out in Special Condition 4 (<i>Directors</i>), Special Condition 5 (<i>Ringfencing</i>), Special Condition 6 (<i>Associate Transactions</i>) and Special Condition 7 (<i>Compliance Obligations</i>)
Specified Information	means information (or a category of information) that is so described or defined in the RIGs
Stakeholder Engagement Publication Guidance	means the guidance to be prepared by the Authority, in accordance with the process set out in Part B (<i>Stakeholder Engagement Publication Guidance</i>) of Special Condition 20 (<i>Stakeholder Engagement</i>) and published on the Authority's Website, setting out how the licensee must prepare and publish its Annual Stakeholder Engagement Publication
Standard Generation Licence Revocation Event	means any event permitting the Authority to revoke the licence as set out in Schedule 2 to the Electricity Generation Licence
Statutory Transfer Scheme	means a scheme made by the Secretary of State pursuant to and in accordance with Chapter 2 of the Energy Act 2004 providing for one or more transfers of property, rights and/or liabilities
Strategic Spares ²⁸	means items that: (a) are essential for the effective operation of the Regulated Assets; (b) have a procurement lead time in excess of ■■■■■ or value greater than £[●];

²⁸ Note: Definition subject to further consideration.

	(c) are reasonably required to be maintained in order to efficiently mitigate the risk of a shutdown in excess of [REDACTED] due to supply chain delays
Subsidiary	has the meaning given to it in sections 1159 and 1160 of the Companies Act 2006
Sufficiently Independent Director	means a person that fulfils all of the criteria set out in paragraph 11 of Special Condition 4 (<i>Directors</i>)
Supplemental Compensation Agreement	means the supplemental compensation agreement entered into between the Secretary of State and the licensee on or around the Licence Modification Date, as amended from time to time in accordance with its terms
Supplemental Revenue	means any revenue that the licensee receives that is not attributable to the sale of electricity and may include: <ul style="list-style-type: none"> (a) the sale of ancillary services from the Regulated Assets; (b) any compensation received, including from the ESO as a result of a Curtailment; and/or (c) any source of income relating to the Regulated Activities conducted at the Site or by using the Regulated Assets other than in respect of electricity generation
Suppliers	means those companies that hold a licence authorising the supply of electricity to premises under s6(1) of the Act
Supply, Construction and Installation Contracts	means the following: <ul style="list-style-type: none"> ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED]

	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]²⁹</p>
Supporting Information	means any and all relevant calculations, confirmations, data, documentation, evidence (including experts' reports), explanations, information, measurements, readings, reports, representations and statements (whether in written or documentary form)
Target Operational Life	means the target operational life expectancy of the Regulated Assets based on technical due diligence and analysis conducted prior to the Licence Modification Date, being [REDACTED] years from the Commercial Operations Date ³⁰
Target PCR Capacity Incentive	means the aggregate adjustment to be made to the RAB value to reflect the amount (if any) that each Unit's delivered capacity is above or below the Original Baseline Target Capacity pursuant to Special Condition 29 (<i>PCR Capacity Incentive</i>)
Target Through Life Capacity Incentive	means the aggregate adjustment to be made to the RAB value to reflect the amount (if any) that each Unit's delivered capacity is below the Baseline Target Capacity in accordance with Part C (<i>Calculating the Target Through Life Capacity Incentive</i>) of Special Condition 46 (<i>Through Life Capacity Incentive</i>)
Target Unit Capability Factor or Target UCF	means the target Unit Capability Factor for a Charging Year, determined: <ul style="list-style-type: none"> (a) in the case of any Charging Year during the First Control Period, at the PCR Determination; or (b) for any other Charging Year in a given Control Period, at the PR Determination in relation to that Control Period,

²⁹ **Note:** List of relevant Supply, Construction and Installation Contracts subject to further review.

³⁰ **Note:** Subject to DESNZ technical diligence.

	in accordance with Part B (<i>Target UCF</i>) of Special Condition 55 (<i>Availability Incentive</i>)
Tax Allowance Adjustment or TAXA	means the tax adjustment to be applied to the Allowed Revenue, as determined by the Authority, in accordance with Part C (<i>Tax Allowance Adjustment (TAXA_t)</i>) of Special Condition 33 (<i>Tax Building Block during the Pre-PCR Phase</i>) or Part C (<i>Tax Allowance Adjustment (TAXA_t)</i>) of Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>), as applicable
Tax Building Block	means the amount, if any, allowed by the Authority in respect of Corporation Tax paid or received in the relevant Charging Year as determined in accordance with Special Condition 33 (<i>Tax Building Block during the Pre-PCR Phase</i>) or Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>), as applicable
Tax Reconciliation	means the tax reconciliation template in the form published by the Authority
Tax Strategy	has the meaning given to that term in Schedule 19 to the Finance Act 2016, as amended from time to time
Third Charging Year	means the Charging Year commencing on [1 April] immediately following the end of the Second Charging Year and ending on [31 March] of the following calendar year
Through Life Capacity Incentive	means an annual adjustment to be made to the RAB value to reflect the Target Through Life Capacity Incentive
Through Life Capacity Incentive Application Period	means, where paragraph 12(b) of Special Condition 46 (<i>Through Life Capacity Incentive</i>) applies, the number of Charging Years across which the Through Life Capacity Incentive will be deducted from the RAB (as determined by the Authority, being up to [REDACTED] Charging Years or as adjusted (where applicable) in accordance with Part D (<i>Changes to the Target Through Life Capacity Incentive</i>) of Special Condition 46)
Through Life Capacity Incentive Multiplier	means the multiplier to be applied where Actual Capacity of the Units (in aggregate) is demonstrated to be above or below the then applicable Baseline Target Capacity of the Units (in aggregate), as calculated in

	accordance with Part C (<i>Calculating the Target Through Life Capacity Incentive</i>) of Special Condition 46 (<i>Through Life Capacity Incentive</i>)
Through Life Capacity Notice	means a notice to be provided by the licensee to the Authority, setting out the capacity of the Regulated Assets, where applicable in accordance with paragraph 11 of Special Condition 19 (<i>Asset condition during the Operations Phase</i>)
TNUoS Charges	means: <ul style="list-style-type: none"> (a) transmission network use of system charges which, at the Licence Modification Date, are levied or credited by the ESO pursuant to the CUSC; and (b) any new or substitute payments or credits which are in the nature of, or similar to, transmission network use of system charges, whether or not levied or credited by the ESO or pursuant to the CUSC, in each case, payable or receivable by electricity generators in Great Britain but excluding distribution network use of system charges (or any new or substitute payments or credits which are in the nature of, or similar to, distribution network use of system charges)
Totex Allowance	means, in respect of the relevant Charging Year, the sum of values under the heading “Totex Allowance” in [●] sheet of the Price Control Financial Model, being an allowance determined by the Authority in respect of the licensee’s forecast Totex Spend over such period as the Authority may determine at the most recent Periodic Review (or, in the case of the first Periodic Review, at the Post Construction Review)
Totex Building Block	means the building block applicable to the calculation of Allowed Revenue described in Part D (<i>Calculation of the Annual Capitalised Totex Amount and the Totex Building Block</i>) of Special Condition 53 (<i>Totex Building Block</i>)
Totex Capitalisation Rate	means the rate or principles, as determined by the Authority at the PCR Determination and each subsequent PR Determination, according to which Totex

	Spend incurred or expected to be incurred by the licensee is capitalised onto the RAB
Totex De Minimis Amount	means [[●]% of Allowed Revenue] [(stated in real (Base Year) prices)] per Charging Year (when aggregated with all other Totex Spend incurred or saved in that Charging Year due to Operations Phase QCiLs)
Totex Incentive	means an adjustment to the licensee’s Actual Totex Spend to reflect a financial incentive or penalty in respect of any underspend or overspend relative to the Totex Allowance, calculated in accordance with paragraph 12 of Special Condition 53 (<i>Totex Building Block</i>).
Totex Sharing Factor or TSF	means the proportion of any Totex Spend overspend or underspend to be allocated to the licensee being: <ul style="list-style-type: none"> (a) unless otherwise determined by the Authority following consultation with (among others) the licensee, for the first Control Period, [REDACTED]; (b) for each subsequent Control Period, such value determined by the Authority at the most recent Periodic Review, in either case, being the value set out under heading “Totex Sharing Factor” in [●] sheet of the Price Control Financial Model
Totex Spend	means any capital expenditure or operational expenditure (including any safety critical expenditure) incurred or to be incurred by the licensee in connection with the operation and maintenance of the Regulated Assets or Regulated Business, excluding any power buyback costs or costs that fall within categories of expenditure that are covered by the FDP Allowance Building Block, Pass-Through Costs Building Block or Tax Building Block to avoid double counting
Transmission Licence	means an electricity transmission licence granted or treated as granted pursuant to section 6(1)(b) of the Act
Transmission Licensee	means any person who is authorised by a Transmission Licence to transmit electricity, acting in that capacity
Transmission System	means those parts of the national electricity Transmission System in the United Kingdom that are

	owned by a Transmission Licensee within the transmission area specified in its Transmission Licence
UK Listing Authority	means the Financial Conduct Authority (FCA) or a successor body from time to time established by the Government to regulate listed companies in the United Kingdom
Ultimate Controller	<p>means, in relation to any person:</p> <p>(a) a holding company of such person, which is not itself a Subsidiary of another company; or</p> <p>(b) any person who (whether alone or with a person or persons connected with them) is in a position to control, or to exercise significant influence over, the policy of such person or any holding company of such person by virtue of:</p> <p>(i) rights under contractual arrangements to which they are a party or of which they are a beneficiary; or</p> <p>(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by them or for which they are a beneficiary but excluding any director or employee of a corporate body in their capacity as such,</p> <p>and, for the purposes of this sub-paragraph (b), a person is connected with another person if they are party to any arrangement regarding the exercise of any such rights as are described in that paragraph,</p> <p>but will not include His Majesty's Government or any entity that is under the control of His Majesty's Government</p>
Unavailability Liquidity Clawback Amount	means the unavailability liquidity clawback amount calculated in accordance with paragraph 19 of Special Condition 56 (<i>Revenue Support</i>)

Unavailability Multiplier	means, unless otherwise determined by the Authority following consultation with (among others) the licensee, [REDACTED]
Unavailability Revenue Repayment Amount	means the value of the Significant Unavailability Revenue Support amount for any relevant Charging Year, adjusted to reflect the repayment multiplier, as more particularly described in Part C (<i>Significant Unavailability Revenue Support repayments</i>) of Special Condition 56 (<i>Revenue Support</i>)
Unit	means each of Unit 1 and Unit 2
Unit 1	means the first nuclear unit forming part of Regulated Assets to complete construction
Unit 2	means the second nuclear unit forming part of the Regulated Assets to complete construction
Unit Capability Factor	means the ratio of the available energy generation (determined relative to Reference Ambient Conditions) over a given time period to the reference energy generation (determined relative to Reference Ambient Conditions) over the same time period, expressed as a percentage
Unplanned Capacity Reduction	means, with respect to either or both Units, any load reductions that are not contemplated in the licensee's most recent Business Plan other than as a result of a Curtailment
Unplanned Energy Losses	means energy (in MWhe) that could not be produced as a result of an Unplanned Outage or Unplanned Capacity Reductions of either or both Units in the relevant Charging Year
Unplanned Outage	means any period(s) during which either or both Units are deenergised (whether this is due to an unexpected outage event or a Planned Outage continuing for longer than expected), other than as a result of a Curtailment or due to a Planned Outage
Valuation Office Agency	means the executive agency of that name of His Majesty's Revenue & Customs (or its successor)
WACC	means the weighted average cost of capital

Weighted Average ACI (Capex)	means the average of the Agreed Construction Indices weighted by the ACI Weighting Factor (Capex) and calculated in accordance with Part B (<i>Process for determining the Cumulative Actual Allowable Capital Spend and the Weighted Average ACI (Capex)</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)
Weighted Average ACI (Opex)	means the average of the Agreed Construction Indices weighted by the ACI Weighting Factor (Opex) and calculated in accordance with Part B (<i>Process for determining the Cumulative Actual Allowable Operational Spend and the Weighted Average ACI (Opex)</i>) of Special Condition 37 (<i>Opex Building Block</i>)
Wilful Misconduct or Gross Negligence	means any act or failure by the licensee or its personnel that was an intentional breach or was intended to cause such breach, or was in reckless disregard or wanton indifference to their harmful consequences that the licensee or its respective personnel knew or ought to have known such act or failure to act was likely to have for any other party, but will not include an error or judgement or mistake made by personnel of a party in the exercise of good faith of any function, authority or discretion conferred on such personnel nor any act or failure resulting from the acts or omissions of a third party which is beyond the licensee's control
Working Day	means a day which is not a Saturday, a Sunday or a public holiday in England
Works Ready for Start Up	has the meaning given to such term in the N4S Contract

Yield Cap	means, for the period prior to the Commercial Operations Date, the level applicable to the Relevant Period as indicated in the following table:	
	Relevant Period	Yield Cap
	On and from the Licence Modification Date until COD or, if earlier, Scheduled COD	█ bps
Where COD is delayed beyond Scheduled COD, on and from Scheduled COD up to and including the day immediately prior to the █ anniversary of Scheduled COD	█ bps	

Chapter 2 General Provisions

Special Condition 2. General Licensee Obligations

Introduction

1. The purpose of this special condition is to set out general obligations that the licensee must comply with pursuant to this licence from the Licence Modification Date.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out provisions in relation to the Regulated Activities;
 - (b) Part B sets out the requirements for the timely delivery of the Regulated Assets; and
 - (c) Part C sets out the licensee's obligations in relation to electricity trading.

Part A: Regulated Activities

3. These special conditions, and the licensee's obligations under them, will commence on the Licence Modification Date and continue until the end of the Regulatory Period.
4. Insofar as the licensee carries out any Regulated Activity, the licensee must comply with and carry out such Regulated Activity in accordance with:
 - (a) the Nuclear Site Licence and all other applicable regulatory requirements; and
 - (b) the terms and conditions of this licence,in each case, as applicable in respect of or in relation to such Regulated Activity.

Part B: Timely delivery

5. The licensee must use reasonable endeavours to commence or continue construction of the Project within [12 months] of the Licence Modification Date.
6. The licensee must use reasonable endeavours to achieve the Commercial Operations Date by Scheduled COD.
7. Without prejudice to paragraph 6, the licensee must achieve the Commercial Operations Date by the Longstop Date.
8. Without prejudice to the Authority's other statutory enforcement rights, a failure by the licensee to comply with paragraph 7 will not, of itself, result in revocation of this licence or the special conditions.

Part C: Trading related obligations

9. This Part C applies from the date on which the licensee commences the sale of electricity produced by the Regulated Assets.
10. The licensee must ensure that its market trading strategy for the sale of electricity produced by the Regulated Assets in the wholesale electricity markets is:
 - (a) consistent with Good Industry Practice; and
 - (b) involves trading arrangements which are at arm's length and on commercial terms (ascertained by appropriate market testing).
11. The licensee must evidence its compliance with the requirements of this Part C as part of each Business Plan required to be submitted to the Authority in accordance with Special Condition 16 (*Business Plan Submission*), including providing details regarding:
 - (a) the balance of forward sales;
 - (b) power purchase agreements;
 - (c) spot sales; and
 - (d) market strategy in relation to managing Unplanned Outages and/or capacity reductions,generally, as well as to manage its risk exposure in the event of a Significant Unavailability Event.

Special Condition 3. Fees

Introduction

1. The purpose of this special condition is to set out the payments that the licensee must make to the Authority.

Fees

2. The licensee must, at the times stated, pay to the Authority such amounts as are determined by or under this special condition.
3. The licensee must pay the Fee to the Authority in accordance with paragraphs 4 to 6.
4. The Fee is the aggregate of:
 - (a) an amount that is the Appropriate Proportion of the Costs of the Authority carrying out its functions in respect of the licensee during the relevant Charging Year; and
 - (b) an amount that is the Appropriate Proportion of the Costs of Citizens Advice or Consumer Scotland as the case may be.
5. Subject to paragraph 6, the licensee must pay the Fee (net of any credit notes issued by the Authority) to the Authority in two instalments, with:
 - (a) the first instalment being due for payment by [31 July] in each relevant Charging Year; and
 - (b) the second instalment being due for payment by [31 January] in each relevant Charging Year.
6. Notwithstanding paragraph 5, if the Authority has not given notice of the amount of the instalment due at least 30 days before the payment date stated in paragraph 5(a) or (b), the licensee must pay the amount due within 30 days of the Authority giving notice to the licensee of the relevant Fee instalment amount.
7. If the licensee fails to pay any Fee within 30 days of the payment date, determined in accordance with this special condition, with effect from that payment date the licensee will pay simple interest on the amount owing at the rate that is from time to time equivalent to the base rate of NatWest Bank plc or, if there is no such base rate, such base rate as the Authority may direct for the purposes hereof.

Special Condition 4. Directors

Introduction

1. The purpose of this special condition is to set out the licensee's obligations in respect of its directors.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the requirement for the Board to be independent;
 - (b) Part B sets out the procedures that the licensee must put in place in respect of any conflicts of interest or potential conflicts of interest;
 - (c) Part C sets out the obligation on the licensee to inform the Authority of changes to the Board; and
 - (d) Part D sets out additional requirements in respect of the independence of the licensee's non-executive directors.

Part A: Independence of the Board

3. Without limiting the requirements set out in this special condition in relation to Sufficiently Independent Directors, the licensee must ensure that the directors, acting as such, act:
 - (a) independently of any Associate of the licensee; and
 - (b) in the interests of the licensee.

Part B: Conflicts of interest

4. The licensee must require, as a term of each director's appointment, that each of its directors discloses to the licensee and the Authority any (actual or potential) conflicts between their duties as directors of the licensee and any other duties that they may have to any other entity.
5. Where potential conflicts exist between the interests of the licensee and those of any Associate, the licensee and its directors must ensure that, in acting as directors of the licensee, they have regard exclusively to the interests of the licensee.
6. The licensee must ensure that its articles of association and any shareholders' arrangements stipulate that no director may vote on any contract or arrangement or any other proposal in which that director has:
 - (a) an interest by virtue of other directorships; or
 - (b) any other actual or potential conflict of interest,

other than in respect of any Permitted Voting Matters.

Part C: Requirement to inform the Authority of changes to the Board

7. On the Licence Modification Date, the licensee must notify the Authority of the names of its directors and their functions and responsibilities.
8. The licensee must inform the Authority without delay, and in any event within 14 days, when:
 - (a) a new director is appointed;
 - (b) the resignation or removal of a director takes effect; or
 - (c) any important change in the functions or responsibilities of a director occurs.
9. Where any director is removed from office or resigns, the licensee must notify the Authority of the reasons for the removal or (to the extent that these are known to the licensee) the resignation. For the purposes of this requirement, the reasons for a resignation may, if appropriate, be stated to be personal reasons.

Part D: Requirements for Sufficiently Independent Directors

10. Unless the Authority has otherwise consented or where paragraph 11 applies, the licensee must ensure that its Board contains at least ■ Sufficiently Independent Directors, or such higher number as may be required in order to maintain the independence of the Board.
11. Where:
 - (a) there are temporarily less Sufficiently Independent Directors than required by paragraph 10 due to the removal or resignation of a Sufficiently Independent Director; or
 - (b) there are temporarily less Sufficiently Independent Directors than required by paragraph 10 due to the death or incapacity of a Sufficiently Independent Director, or a similar reason outside the control of the licensee,the licensee must use reasonable endeavours to ensure that a new Sufficiently Independent Director is appointed as soon as reasonably practicable to ensure that its Board contains at least ■ Sufficiently Independent Directors, or such higher number as may be required in order to maintain the independence of the Board.
12. The licensee must ensure that each of its Sufficiently Independent Directors is a natural person that:
 - (a) in the reasonable opinion of the licensee, has the skills, knowledge, experience, and personal qualities necessary to perform effectively as an independent non-executive director of the licensee;

- (b) does not have any executive duties within the licensee’s business;
 - (c) is not, and has not been during the 12 months prior to the Licence Modification Date or their appointment as non-executive director of the licensee (whichever is the later):
 - (i) an employee of the licensee; or
 - (ii) a director or employee of an Associate,
 except and to the extent that the Authority consents otherwise;
 - (d) does not have, and has not had during the 12 months prior to the Licence Modification Date or their appointment as a non-executive director (whichever is the later), any material business relationship with the licensee or any Associate. The holding of a small number of shares or associated rights is not, of itself, to be considered a material business relationship;
 - (e) does not hold a remit to represent the interests of any particular shareholder or group of shareholders of the licensee or the interests of any Associate; and
 - (f) does not receive remuneration from the licensee or any Associate, apart from a director’s fee and reasonable expenses. The receipt or retention of any benefit accrued as a result of prior employment by or service with the licensee or any of its Associates is not to be considered to be remuneration.
13. The licensee must ensure that the Sufficiently Independent Directors collectively have:
- (a) suitable relevant experience and knowledge of the functions of the licensee; and
 - (b) sufficient understanding of the interests of the Suppliers and their customers and how these interests can be respected and protected.
14. The terms of appointment of each Sufficiently Independent Director must include a condition stipulating that both the licensee and the appointee will use their best endeavours to ensure that the appointee remains sufficiently independent during their term of office, having particular regard to the criteria set out in paragraph 12.
15. The licensee must not appoint any Sufficiently Independent Director for a term that is longer than 8 years.
16. The restriction set out in paragraph 15 does not preclude a Sufficiently Independent Director being reappointed following their previous term, provided that they continue to meet the criteria set out in paragraph 12.
17. The licensee must notify the Authority within [14] days of the date when any Sufficiently Independent Director is reappointed pursuant to paragraph 16.

Special Condition 5. Ringfencing

Introduction

1. The purpose of this special condition is to set out the requirements on the licensee in respect of ringfencing.

Structure

2. This special condition is structured as follows:
 - (a) Part A sets out the restrictions on the licensee's activities;
 - (b) Part B sets out the requirement for the licensee to have sufficient resources, systems of planning and internal controls in place;
 - (c) Part C provides details of the Directors' Certificates that the licensee must provide to the Authority each year;
 - (d) Part D sets out the obligations of the licensee in respect of declaring, paying or otherwise making a Distribution;
 - (e) Part E sets out the licensee's obligation to maintain an Intervention Plan;
 - (f) Part F sets out the requirement for the licensee to procure undertakings from any Ultimate Controllers;
 - (g) Part G sets out the licensee's obligations in respect of its credit rating, including the need to publish certain reports; and
 - (h) Part H sets out the requirements in respect of listing financial instruments.

Part A: Restriction on activities

3. Other than as permitted by paragraph 4, 5 or 6 of this special condition, or paragraph 5 of Special Condition 10 (*Indebtedness*), the licensee must not conduct any business or carry on any activity other than the Regulated Activities and/or the Regulated Business.
4. The licensee must not, without the prior consent of the Authority, hold or acquire shares or other investments of any kind, except:
 - (a) shares or other investments in a body corporate the sole activity of which is to carry on the Regulated Business and/or the Regulated Activities;
 - (b) shares or other investments in a body corporate that is a Subsidiary of the licensee and incorporated by it solely for the purpose of raising finance for the Regulated Business;

- (c) investments acquired in the usual and ordinary course of the licensee's treasury management operations, subject to the licensee maintaining in force, in relation to those operations, a system of internal controls that complies with best corporate governance practice as required (or, in the absence of any such requirement, recommended) by the UK Listing Authority;
- (d) a shareholding of up to [REDACTED] in FundCo and such investments as may be contemplated in accordance with the FAP;
- (e) [REDACTED]; or
- (f) as permitted by paragraph 5 or 6.

5. Nothing in this special condition will prevent:

- (a) any Affiliate in which the licensee does not hold shares or other investments from conducting any business or carrying on any activity;
- (b) the licensee from holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest as permitted by the conditions of this licence;
- (c) the licensee from performing the supervisory or management functions of a holding company in respect of any Subsidiary; or
- (d) the licensee from carrying on any business or conducting any activity to which the Authority has given its consent.

6. Nothing in this special condition will prevent the licensee or a Relevant Associate from conducting De Minimis Business, provided that:

- (a) the aggregate turnover of all of the De Minimis Business carried on by the licensee, together with the Equity Share of the aggregate turnover of all of the De Minimis Business carried on by all of its Relevant Associates, does not in any period of 12 months commencing on 1 April of any year exceed 2.5% of the aggregate turnover of the Regulated Business, as shown by the most recent audited regulatory accounts of the licensee produced under Standard Condition B16 (*Regulatory Accounts*); and
- (b) the aggregate amount (determined in accordance with paragraph 7) of all investments made by the licensee in De Minimis Business, carried on by the licensee and all Relevant Associates, does not at any time from the Licence Modification Date exceed 2.5% of the sum of the share capital in issue, the share premium and the consolidated reserves (including retained earnings) of the licensee as shown by the most recent audited regulatory accounts of the

licensee then available produced under Standard Condition B16 (*Regulatory Accounts*).

7. At any relevant time, the amount of an investment is the sum of:
 - (a) the value at which such investment was included in the audited historical cost balance sheet of the licensee as at its latest accounting reference date to have occurred prior to the Licence Modification Date (or, where the investment was not so included, zero);
 - (b) the aggregate gross amount of all expenditure (whether of a capital or revenue nature) howsoever incurred by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date; and
 - (c) all commitments and liabilities (whether actual or contingent) of the licensee relating to such investment outstanding at the end of the most recently completed accounting reference period,

less the sum of the aggregate gross amount of all income (whether of a capital or revenue nature) howsoever received by the licensee in respect of such investment in all completed accounting reference periods since the accounting reference date referred to in sub-paragraph (a).

8. For the purpose of paragraphs 6(b) and 7, “investment” means any form of financial support or assistance given by or on behalf of the licensee for the De Minimis Business, whether on a temporary or permanent basis and including any commitment to provide any such support or assistance in the future.

Part B: Availability of resources

9. The licensee must act in a manner best calculated to secure that it has available to it such resources, including management and financial resources, bank facilities, systems of planning and internal control, personnel, fixed and moveable assets, rights, licences, consents and facilities, on such terms and with all such rights as must ensure that it is able to:
 - (a) safely, properly and efficiently carry on the Regulated Business and Regulated Activities; and
 - (b) comply in all respects with its obligations under this licence and all applicable Legal Requirements.
10. Specifically in respect of financial reserves, the licensee must ensure that it has available to it sufficient financial resources to enable it to carry out properly and efficiently, for at least the next 24 months, the Regulated Activities and the Regulated Business and to comply with all applicable regulatory and Legal Requirements.

Part C: Directors' Certificates

11. The licensee must deliver to the Authority each Directors' Certificate, as relevant, in the form and timeframe set out below, accompanied by an Audit Report and, where required by this Part C, a statement from the licensee.

Certificates of the Authority in relation to financial resources

12. The licensee must by 31 July each year submit to the Authority a Directors' Certificate in relation to financial resources in one of the prescribed forms set out below:

(a) **Certificate 1F**

“After making enquiries and having taken into account all relevant information, including (without limitation) any Distribution that might reasonably be expected to be declared or paid by the licensee, the licensee’s directors have a reasonable expectation that the licensee will have available to it sufficient financial resources and financial facilities to enable the licensee to carry out properly and efficiently, for at least the next 24 months, the Regulated Activities and the Regulated Business and to comply with all applicable Legal Requirements.”

or

(b) **Certificate 2F**

“After making enquiries, and subject to what is explained below, having taken into account all relevant information, including (without limitation) any Distribution that might reasonably be expected to be declared or paid by the licensee, the licensee’s directors have a reasonable expectation that the licensee will have available to it sufficient financial resources and financial facilities to enable the licensee to carry out properly and efficiently, for at least the next 24 months, the Regulated Activities and the Regulated Business and to comply with all applicable Legal Requirements.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the above *[followed by a description of the factors concerned and an explanation as to why, despite those factors, the directors have the reasonable expectation]*.”

or

(c) **Certificate 3F**

“In the opinion of the licensee’s directors, the licensee will not have available to it sufficient financial resources and financial facilities to enable it to carry out properly and efficiently, for at least the next 24 months, the Regulated

Activities and the Regulated Business and to comply with all applicable Legal Requirements [followed by an explanation as to why the directors are of this opinion].”

Statement of factors in relation to the financial resources certificate

13. The licensee must ensure that the certificate given to the Authority pursuant to paragraph 12 is accompanied by a statement of the main factors that the licensee’s directors have taken into account in giving that certificate, including reference to:
- (a) the main financial resources and financial facilities available to the licensee; and
 - (b) the most recent cash flow statement prepared for the licensee.

Certificates in relation to operational resources

14. The licensee must by 31 July each year submit to the Authority a Directors’ Certificate in relation to operational resources in one of the prescribed forms set out below:

(a) **Certificate 1R**

“After making enquiries, the licensee’s directors have a reasonable expectation that the licensee will have available to it sufficient:

- (i) operational resources, including (without limitation) management, personnel, fixed and movable assets, rights, licences, consents and facilities; and
- (ii) systems of planning and internal control,

to enable the licensee to carry on the Regulated Activities and the Regulated Business properly and efficiently, for at least the next 24 months.”

or

(b) **Certificate 2R**

“After making enquiries, and subject to what is explained below, the licensee’s directors have a reasonable expectation that the licensee will have available to it sufficient:

- (i) operational resources, including (without limitation) management, personnel, fixed and moveable assets, rights, licences, consents and facilities; and
- (ii) systems of planning and internal control,

to enable the licensee to carry on the Regulated Activities and the Regulated Business properly and efficiently, for at least the next 24 months.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the above *[followed by a description of the factors concerned and an explanation as to why, despite those factors, the directors have the reasonable expectation].*”

or

(c) **Certificate 3R**

“In the opinion of the licensee’s directors, the licensee will not have available to it sufficient:

- (i) operational resources, including (without limitation) management, personnel, fixed and moveable assets, rights, licences, consents and facilities; and
- (ii) systems of planning and internal control,

to enable the licensee to carry on the Regulated Activities and the Regulated Business, for at least the next 24 months *[followed by an explanation as to why the directors are of this opinion].*”

Statement of factors in relation to the operational resources certificate

15. The licensee must ensure that the certificate given to the Authority pursuant to paragraph 14 is accompanied by a statement of the main factors that the licensee’s directors have taken into account in giving that certificate.

Certificates in relation to contracts with Associates

16. The licensee must by 31 July each year submit to the Authority a Directors’ Certificate in relation to the licensee’s contracts with Associates in one of the prescribed forms set out below:

(a) **Certificate 1A**

“After making enquiries, the licensee’s directors have a reasonable expectation that no contract entered into with any Associate contains restrictions that adversely impact the licensee’s ability to meet all its obligations as a nuclear generator and to carry on the Regulated Activities and Regulated Business.”

or

(b) **Certificate 2A**

“After making enquiries, and subject to what is explained below, the licensee’s directors have a reasonable expectation that no contract entered into with any Associate contains restrictions that adversely impact the licensee’s ability to meet all its obligations as a nuclear generator.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the above *[followed by a description of the factors concerned and an explanation as to why, despite those factors, the directors have the reasonable expectation].*”

or

(c) **Certificate 3A**

“In the opinion of the licensee’s directors, the contracts entered into by the licensee with any Associate contain restrictions that adversely impact the licensee’s ability to meet its obligations as a nuclear generator *[followed by an explanation as to why the directors are of this opinion].*”

Certificates in relation to compliance with the licence

17. The licensee must by 31 July each year submit to the Authority a Directors’ Certificate in relation to compliance with certain licence conditions in one of the prescribed forms set out below:

(a) **Certificate 1C**

“After making enquiries, the licensee’s directors consider that, at the time of their approval of this certificate, the licensee is in compliance in all material respects with all of the obligations imposed on it by Standard Condition B13 (*Provision of Information to the Authority*), Special Condition 5 (*Ringfencing*) and Special Condition 10 (*Indebtedness*).”

or

(b) **Certificate 2C**

“In the opinion of the licensee’s directors, the licensee is not at the time of their approval of this certificate in compliance in all material respects with all of the obligations imposed on it by Standard Condition B13 (*Provision of Information to the Authority*), Special Condition 5 (*Ringfencing*) and Special Condition 10 (*Indebtedness*) *[followed by an explanation as to why the directors are of this opinion].*”

Certificates in relation to the Currency Hedging Policy

18. The licensee must by 31 July each year submit to the Authority a Directors' Certificate in relation to the licensee's compliance with the Currency Hedging Policy in one of the prescribed forms set out below:

(a) **Certificate 1D**

"After making enquiries, the licensee's directors consider that, at the time of their approval of this certificate, the licensee is in compliance in all material respects with all of the requirements of the Currency Hedging Policy."

or

(b) **Certificate 2D**

"In the opinion of the licensee's directors, the licensee is not at the time of their approval of this certificate in compliance in all material respects with all of the requirements of the Currency Hedging Policy [*followed by an explanation as to why the directors are of this opinion*]."

Obligation to report any adverse circumstances

19. The licensee must, as soon as reasonably practicable upon becoming aware of the same, inform the Authority if:

(a) any director of the licensee becomes aware of any circumstance that causes them to no longer have the reasonable expectations that were expressed in the most recent Directors' Certificates given to the Authority under paragraphs 12, 14, 16, 17, 18 and 22 of this special condition and paragraph 17 of Special Condition 40 (*Commercial Operations*), and/or to believe that at least one of the most recent Directors' Certificates could not be repeated in light of that circumstance; or

(b) any director of the licensee considers that any adverse circumstance that caused them to give to the Authority a Directors' Certificate in the form of Certificate 3F under paragraph 12(c) or Certificate 3R under paragraph 14(c) has materially worsened.

Part D: Declaration and payment of Distributions

20. The licensee must have in place a Distribution Policy that complies with the following principles:

(a) the Distributions declared or paid will not impair the ability of the licensee to finance the Regulated Business;

- (b) Distributions are to be an incentive to reward efficiency and the management of economic risk (under a system of incentive regulation); and
 - (c) the licensee must not declare, pay or make any Distributions:
 - (i) unless it has given to the Authority a Directors' Certificate in the form of Certificate 1F under paragraph 12 and Certificate 1R under paragraph 14 and has not subsequently informed the Authority of any circumstance of the type referred to at paragraph 19;
 - (ii) in contravention of the Yield Cap; or
 - (iii) whilst a Distribution Lock-Up Event is subsisting.
21. The licensee must not declare, pay, recommend or otherwise make a Distribution, or redeem or repurchase any share capital of the licensee otherwise than in accordance with the current Distribution Policy.
22. Before declaring, recommending or making a Distribution, redemption, or repurchase (as the case may be), the licensee must give the Authority a Directors' Certificate that complies in all respects with the requirements set out in paragraphs 23 and 24.
23. The first requirement is that the Directors' Certificate must be in the following form:
- “After making enquiries, the directors of the licensee are satisfied:
- (a) that, at the time of their approval of this certificate, the licensee is in compliance in all material respects with all the obligations imposed on it by Standard Condition B13 (*Provision of Information to the Authority*), Special Condition 5 (*Ringfencing*) and Special Condition 10 (*Indebtedness*);
- and
- (b) that the making of a distribution, redemption, or repurchase of [value] on [date] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this Directors' Certificate, cause the licensee to be in breach to a material extent of any of those obligations in the future.”
24. The second requirement is that the Directors' Certificate must have been approved by a resolution of the Board passed not more than 14 days before the date on which the declaration or recommendation is to be made.
25. The licensee need not give the Authority a Directors' Certificate of the type referred to in paragraph 22 in circumstances where:
- (a) during the three months preceding the declaration or recommendation of a dividend, the making of any other form of Distribution or the redemption or

repurchase of share capital, it has given the Authority a Directors' Certificate in the form of Certificate 1C under the requirement set out in paragraph 17; and

(b) that Directors' Certificate includes an appropriate addendum using the wording given at paragraph 23(b).

26. Where the certificate given under paragraph 22, or relied upon under paragraph 25, relates to the declaration or recommendation of a dividend, the licensee is under no obligation to issue a further certificate before paying that dividend so long as such payment is made within [6] months of the date on which the certificate was given.

Part E: Requirement to maintain an Intervention Plan

27. Within 12 months of the Licence Modification Date, the licensee must prepare, and thereafter maintain, an Intervention Plan.

28. The Intervention Plan must, as a minimum, consist of a document or set of documents (which may be in a suitably secure electronic format) sufficient to allow a nuclear administrator (within the meaning given by section 39 of NEFA) readily to obtain information on:

- (a) the financial assets, resources, and facilities of the licensee;
- (b) the non-financial assets, rights, and resources of the licensee including information on key management and operational personnel and information technology systems;
- (c) the liabilities of the licensee, including contingent and contractual liabilities, with counterparty and maturity information;
- (d) the tax affairs of the licensee;
- (e) the personnel of the licensee and any pension schemes sponsored or administered by the licensee;
- (f) any mortgages, charges, or other forms of security over the licensee's assets;
- (g) the systems and processes by which the licensee carries on the Regulated Business with information on any significant contractual arrangements, including those that impose obligations on the licensee;
- (h) any arrangements under which the licensee has Relinquished Operational Control over Relevant Assets to an Associate;
- (i) any contractual rights to receive cash or other financial assets from any Associate;

- (j) any contractual obligations to deliver cash or other financial assets to any Associate; and
 - (k) the licensee's arrangements and procedures for ensuring compliance with legislative requirements and with its obligations under this licence, including Periodic Review reporting requirements.
29. The requirement to provide the information described in any of paragraphs 28(a) to (k) will be satisfied if the Intervention Plan provides details of other documents or records (including electronic records) where that information can be readily obtained and those documents or records are either maintained by the licensee itself or are available to the licensee at all times under a legal or contractual right.

Part F: Undertaking from an Ultimate Controller

30. The licensee must procure from each company or other person that the licensee knows or reasonably should know is at any time an Ultimate Controller of the licensee a legally enforceable undertaking in favour of the licensee, in a form approved by the Authority, that the Ultimate Controller ("the covenantor") will:
- (a) refrain from any action; and
 - (b) procure that any person that is a Subsidiary of, or is controlled by, the covenantor (other than the licensee and its Subsidiaries) will refrain from any action,
- that would be likely to cause the licensee to breach any of its obligations under the Act or this licence.
31. Such undertaking must be obtained within [7] Working Days of the company or other person in question becoming an Ultimate Controller and must remain in force for as long as the licensee remains the holder of this licence and the covenantor remains an Ultimate Controller of the licensee.
32. The licensee must:
- (a) deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with its obligation to procure undertakings pursuant to paragraph 30;
 - (b) as soon as reasonably practicable on becoming aware of the same, inform the Authority 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.

33. The licensee must not, except with the Authority's consent, enter (directly or indirectly) into any agreement or arrangement with any Ultimate Controller of the licensee or of any of the Subsidiaries of any corporate Ultimate Controller (other than the Subsidiaries of the licensee) at a time when:
- (a) an undertaking pursuant to paragraph 30 is not in place in relation to that Ultimate Controller;
 - (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 32(c).
34. The licensee must, on or before [31 July] of each year, provide the Authority with a schedule of the undertakings obtained in accordance with paragraph 30 that are in force at that time, together with confirmation that the licensee has sent each of the Ultimate Controllers concerned a letter, within the preceding 12 months, re-apprising that Ultimate Controller of the terms of the undertaking that it has given.

Part G: Credit Rating of licensee and related obligations

Obligation to maintain an Investment Grade Rating

35. The licensee must use all reasonable endeavours to ensure that the licensee, and/or any Associate as an issuer of corporate debt on its behalf, maintains:
- (a) an Issuer Credit Rating that is an Investment Grade Rating; or
 - (b) such Alternative Financial Arrangements to which the Authority has given its consent.
36. The licensee may propose to the Authority Alternative Financial Arrangements, together with sufficient Supporting Information to enable the Authority to consider whether the proposed Alternative Financial Arrangements demonstrate sufficient financial standing.

Obligation to provide Published Rating Reports

37. Where a Negative Rating Action occurs in respect of the licensee, or the licensee's credit rating is withdrawn, the licensee must within a period of [10] Working Days starting on and from the date of the relevant Published Rating Report:
- (a) notify the Authority; and
 - (b) if permitted by the relevant rating agency, provide the Authority with a copy of the Published Rating Report, or where the Published Rating Report relates to the wider Group provide such parts as are relevant to the licensee.

Obligation to provide Financial Resilience Reports

38. The licensee must provide the Authority with a Financial Resilience Report within [60] days of the Licence Modification Date and within [60] days of any Negative Rating Action relating to the licensee if:
- (a) the licensee's highest rating held for an Issuer Credit Rating or highest rating held for a Significant Instrument Credit Rating is one notch higher than the lowest Investment Grade Rating and that Issuer Credit Rating or Significant Instrument Credit Rating is on Negative Watch;
 - (b) the licensee's Issuer Credit Rating or Significant Instrument Credit Rating is less than or equal to the lowest Investment Grade Rating; or
 - (c) the licensee has a debt covenant linked to a specific Issuer Credit Rating or Significant Instrument Credit Rating that would, if breached by the licensee, trigger an event of default under the relevant debt documents and that rating is either:
 - (i) one notch above the minimum covenant requirement and is on Negative Watch; or
 - (ii) lower than one notch above the minimum rating specified within the covenant requirement.
39. The licensee must ensure that the Financial Resilience Report includes:
- (a) an assessment of the licensee's current and forecast financial standing, including an assessment of resilience to downside scenarios relating to either operational performance or macro-economic events;
 - (b) financial projections for the next three Charging Years (including the remainder of the current Charging Year) or the remainder of the Control Period, whichever is longer; and
 - (c) details of Potential Mitigating Actions the licensee could take to improve its financial resilience and an indication of whether such actions are planned.
40. The financial projections required by paragraph 39(b) must include:
- (a) a forecast balance sheet;
 - (b) income statements;
 - (c) cashflow statements;
 - (d) key financial metric projections; and
 - (e) results of any stress tests that the licensee considers to be appropriate.

Obligation to publish information about results

41. The licensee must, at such times and in such ways as may from time to time be required by the Listing Rules of the UK Listing Authority, publish on its website such Information about its annual interim and final results as is required by those rules to be announced by a company whose shares are for the time being listed on the London Stock Exchange, unless the Authority consents to the disapplication of this provision.

Part H: Listing of financial instruments

42. Where the licensee takes out a listing of a financial instrument, it must use reasonable endeavours to ensure that it maintains that listing of the financial instrument on:
 - (a) the London Stock Exchange; or
 - (b) with prior agreement of the Authority, another exchange of similar standing.
43. Paragraph 42 applies unless the Authority, following an application by the licensee, determines that market conditions make it inappropriate for the licensee to maintain the listing of such a financial instrument.

Special Condition 6. Associate Transactions

Introduction

1. The purpose of this special condition is to set out the licensee's obligations in respect of Associate Transactions to ensure the licensee remains independent from the business activities of its Associates, including the requirement for the licensee to appoint a Managing Director of the Regulated Business.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the licensee's obligations in respect of its Associate Transactions;
 - (b) Part B sets out the information that the licensee must collect and retain regarding its Associate Transactions;
 - (c) Part C sets out the restrictions on transfers to Associates;
 - (d) Part D provides details of the obligation to appoint a Managing Director of the Regulated Business; and
 - (e) Part E sets out the licensee's additional obligations in respect of its Approved Contracts.

Part A: Associate Transactions

3. The licensee must ensure that any Associate Transaction is at arm's length, on commercial terms and does not have a prejudicial effect upon the safe and proper carrying out of any of the Regulated Activities and/or the Regulated Business.
4. The licensee must ensure that the Regulated Business does not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the licensee or of an Associate of the licensee or any of its Associates.
5. Other than a Permitted Payment or where paragraph 6 applies, the licensee must not make any payments to an Associate for services rendered to the licensee by that Associate that exceed the Market Price.
6. The general restriction in paragraph 5 does not apply where the licensee has demonstrated to the Authority's reasonable satisfaction that there is compelling

evidence to diverge from the Market Price approach and the Authority has approved the alternative approach proposed by the licensee.

Part B: Obligations to collect and retain information

7. The licensee must keep separate and identifiable records and information, including separate entries in its accounting statements, in respect of each Associate Transaction.
8. The licensee must ensure that it procures such documents, records and evidence in respect of each Associate Transaction as demonstrates compliance of such transaction with the requirements of this licence and, in particular, this special condition, including in relation to:
 - (a) transaction value;
 - (b) transaction purpose;
 - (c) if transactions are aggregated, the number of transactions being aggregated; and
 - (d) the turnover of the relevant Associate with which the Regulated Business has undertaken the Associate Transaction.
9. The licensee must ensure that the documents and records referred to in paragraphs 7 and 8 are retained:
 - (a) for Pre-PCR Phase related documents, until the expiry of [6] years following the PCR Determination; and
 - (b) in respect of all other documentation, until the expiry of [6] years following the next PR Determination,in a format that enables them to be easily identified and accessed.
10. The licensee must use all reasonable endeavours to obtain from any Associate that provides services to the licensee, as referred to in paragraph 5 or 6, such information about that Associate's costs as the Authority may require in advance of the licensee making the relevant payment and, where relevant, make such information available at the Post Construction Review and any subsequent Periodic Review.

Part C: Transfers to Associates

11. The licensee must not transfer any right, benefit or asset to any Associate unless:
 - (a) there is express permission for such transfer in this special condition, Special Condition 5 (*Ringfencing*) or Special Condition 10 (*Indebtedness*); or

- (b) the licensee has:
 - (i) obtained the Authority's consent;
 - (ii) complied with any conditions to that consent; and
 - (iii) complied with any direction from the Authority concerning the valuation of the asset and the treatment of the consideration in the accounting statements that it delivers to the Authority and publishes each Charging Year pursuant to Standard Condition B16 (*Regulatory Accounts*).

Part D: Requirements of the Managing Director of the Regulated Business

- 12. The licensee must ensure that the Regulated Business is conducted with managerial and operational independence from any other business operated by the licensee or its Associates.
- 13. The licensee must appoint a Managing Director of the Regulated Business.
- 14. Unless the Authority otherwise consents, the licensee must ensure that the Managing Director of the Regulated Business is:
 - (a) not engaged by the licensee in any other capacity other than as Managing Director of the Regulated Business; and
 - (b) fully independent, which includes a requirement that it must not have any relationship with any Associate or the business activities of any shareholding entity.
- 15. Unless and to the extent this is not possible in the context of secondees, the Managing Director of the Regulated Business must be given sole discretion, subject to compliance with relevant UK employment legislation, to oversee and manage the personnel employed by or contracted to the Regulated Business.
- 16. Except as required in accordance with [REDACTED], [REDACTED], [REDACTED],³² or as the Authority otherwise directs in accordance with paragraph 17, the licensee must ensure that:
 - (a) no business of the licensee (or of any Associate), other than the Regulated Business, may use or have access to:
 - (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the Regulated Business;

[REDACTED]

³² Note: Details to be updated.

- (ii) systems for the recording, processing or storage of data to which persons engaged in, or in respect of, the management or operation of the Regulated Business also have access;
 - (iii) equipment, facilities or property employed for the management or operation of the Regulated Business; or
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Regulated Business; and
 - (b) to the extent legally possible, it prevents anyone who has ceased to be engaged in the management or operation of the Regulated Business from being involved in the activities of any other business of the licensee (or of any Associate), until the expiry of an Appropriate Time from the date on which that person ceased being involved in the Regulated Business.
17. The Authority may, upon the written request of the licensee, by direction relieve the licensee of some or all of its obligations under paragraphs 12, 13 and 16 and under Special Condition 22 (*Confidential Information*), where:
- (a) it is not reasonably practicable for the licensee to comply with any aspect of those obligations;
 - (b) in the case of Special Condition 22 (*Confidential Information*), a failure to comply with any aspect of those obligations would be of a trivial nature; or
 - (c) in the case of paragraphs 12 and 16, any arrangements for the use of or access to premises, systems, equipment, facilities, property or personnel by both the Regulated Business and any other business of the licensee (or of any Associate):
 - (i) do not involve a cross-subsidy being either given to the Regulated Business by such other business or received from the Regulated Business by such other business;
 - (ii) obtain for the Regulated Business, in the most efficient and economical manner possible, the use of the relevant premises, systems, equipment, facilities, property or personnel; and
 - (iii) do not restrict, distort or prevent competition in the generation or supply of electricity,
- provided that the licensee will not thereby be relieved of any related statutory obligations imposed on it.

18. Where, subsequent to the issue of a direction pursuant to paragraph 17, the criteria set out at sub-paragraph (a), (b) or (c) cease to be satisfied, the Authority may withdraw the direction or modify its terms.

Part E: Additional requirements in relation to Approved Contracts³³

19. The licensee must provide the Authority with:
- (a) at least [30] days prior notice of entry into, or agreement of, any amendment to or waiver of any term of an Approved Contract, together with details of the proposed amendment(s) or waiver(s);
 - (b) as soon as reasonably practicable and in any event no later than [30 days] after any amendments to or waivers of any term of an Approved Contract have been entered into or agreed, copies of the same.
20. Following review of any amendment(s) or waiver(s) proposed in respect of an Approved Contract submitted by the licensee pursuant to paragraph 19, the Authority may:
- (a) approve the proposed revisions;
 - (b) reject the proposed revisions; or
 - (c) provide recommendations as to alternative revisions that it considers should be made and require the licensee to resubmit its proposed revisions.
21. Where the licensee enters into any amendment or grants any waiver of any Approved Contract which has not been approved by the Authority, any reference to the relevant Approved Contracts in this licence will be a reference to such Approved Contract in the form that it was last approved by the Authority.
22. The licensee must provide the Authority a report on the activities undertaken by it in compliance with its obligations under the Approved Contracts. The Authority may (having regard to the Authority's duties under the Act) require the licensee to provide additional Supporting Information in relation to any report provided by the licensee under this paragraph.

³³ **Note:** Subject to further consideration of the practicality of pre-consent for all amendments and waivers.

Special Condition 7. Compliance Obligations

Introduction

1. The purpose of this special condition is to set out the licensee's compliance reporting obligations, including the requirement to appoint a Compliance Officer and the obligations of that Compliance Officer.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the Compliance Statement that the licensee must publish to describe how it is meeting its Specified Duties;
 - (b) Part B provides for the appointment of a Single Appointed Director and the establishment of a Compliance Committee;
 - (c) Part C sets out the requirement for the licensee to appoint a Compliance Officer and the duties to be fulfilled; and
 - (d) Part D sets out the details of the Compliance Report that the licensee must submit to the Authority each Charging Year.

Part A: Compliance Statement and compliance documents

3. The licensee must:
 - (a) unless the Authority otherwise consents or directs, comply with the terms of the most recent Compliance Statement that has been submitted to, and approved by, the Authority; and
 - (b) at least once every 12 months, or at such other interval as the Authority may direct, review the Compliance Statement, the form of the Compliance Report and the form of the Compliance Certificate and revise them as necessary, including when circumstances change such that the licensee no longer complies with one or more of the Specified Duties, to ensure that the documents continue to be complete and accurate in all material respects.
4. The licensee must submit any proposed revisions to the Compliance Statement, Compliance Report and Compliance Certificate to the Authority.
5. Any revisions to the documents specified in paragraph 4 will only become effective once the Authority has approved them in accordance with paragraph 6.
6. Following review of any proposed revisions submitted by the licensee pursuant to paragraph 4, the Authority will either:
 - (a) approve the proposed revisions;

- (b) reject the proposed revisions; or
 - (c) provide recommendations as to alternative revisions that it considers should be made and require the licensee to resubmit its proposed revisions.
7. The licensee must publish a copy of the approved Compliance Statement and each revision of it on its website not later than 15 Working Days beginning with the date of approval by the Authority.
8. The Compliance Statement must set out how the licensee will comply with:
- (a) the business separation requirements provided for in this licence, including Special Condition 5 (*Ringfencing*) and Special Condition 6 (*Associate Transactions*);
 - (b) the arrangements for managerial separation required in Special Condition 4 (*Directors*) and Part D (*Requirements of the Managing Director of the Regulated Business*) of Special Condition 6 (*Associate Transactions*);
 - (c) the requirement to discharge its obligations pursuant to the Approved Contracts on an arm's length basis, together with a list of the services and equipment it is required to provide; and
 - (d) the requirements in respect of the appointment of the Compliance Officer and compliance reporting, provided for in Part C and Part D.

Part B: Single Appointed Director and Compliance Committee

9. The licensee must appoint a Single Appointed Director to report to the Board in relation to the obligations set out in this special condition, Special Condition 5 (*Ringfencing*) and Part D (*Requirements of the Managing Director of the Regulated Business*) of Special Condition 6 (*Associate Transactions*).
10. The licensee must establish a Compliance Committee to report to the Board within [6] months of the Licence Modification Date.
11. The licensee must procure that the Compliance Committee includes among its members the Single Appointed Director and key persons from within the licensee's business as are responsible for the management of regulatory issues relating to the licence.

Part C: Appointment and obligations of the Compliance Officer

12. The licensee must, following consultation with the Authority, appoint a Compliance Officer.

13. The licensee must ensure that the Compliance Officer:
 - (a) is provided with such employees, premises, equipment, facilities and other resources; and
 - (b) has such access to the licensee's premises, systems, information and documentation,

as might reasonably be required for the fulfilment of the duties and tasks assigned pursuant to this special condition.
 14. The licensee must ensure that the Compliance Officer is not engaged in the management or operation of the Regulated Business or any Associate's business.
 15. The licensee must make available to the Compliance Officer details of any complaint or representation received by it from any person in respect of the conduct of the licensee in undertaking the Specified Duties.
 16. The duties and tasks of the Compliance Officer must include:
 - (a) providing advice and information to the licensee (including individual directors of the licensee) and to the Single Appointed Director for the purpose of ensuring the licensee's compliance with the Specified Duties;
 - (b) monitoring the effectiveness of the practices, procedures and systems adopted by the licensee to ensure its compliance with the Specified Duties and the requirements described in the Compliance Statement;
 - (c) advising whether, to the extent that the implementation of such practices, procedures and systems require the co-operation of any other person, they are designed so as reasonably to secure the required co-operation;
 - (d) investigating any complaint or representation made available to the Compliance Officer in accordance with paragraph 15;
 - (e) recommending and advising upon the remedial action that any such investigation has demonstrated to be necessary or desirable;
 - (f) providing relevant advice and information to the licensee (including individual directors of the licensee) and the Compliance Committee, for the purpose of ensuring the licensee's implementation of:
 - (i) the practices, procedures and systems adopted in accordance with the Compliance Statement; and
 - (ii) any remedial action recommended in accordance with sub-paragraph (e);
 - (g) reporting to the Compliance Committee any instances that come to the Compliance Officer's attention regarding a member of any of the managerial
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boards of the licensee taking into account the interests of a business other than the licensee's; and

- (h) reporting by 31 July each Charging Year to the Compliance Committee as to the Compliance Officer's activities in respect of the Specified Duties during the period covered by such annual report of the Compliance Officer.

Part D: The Compliance Report

17. As soon as reasonably practicable and in any event before the end of the period of [90] days beginning with the date of issue of each annual report of the Compliance Officer, the licensee must produce a Compliance Report in a form approved by the Authority in accordance with paragraph 6.
 18. The Compliance Report produced in accordance with paragraph 17 must, in particular:
 - (a) detail the activities of the Compliance Officer during the relevant period covered by the Compliance Report;
 - (b) refer to such other matters as may be appropriate in relation to the implementation of the practices, procedures and systems described in the Compliance Statement;
 - (c) set out the details of any investigations conducted by the Compliance Officer, including:
 - (i) the number, type and source of the complaints or representations on which such investigations were based;
 - (ii) the outcome of such investigations; and
 - (iii) any remedial action taken by the licensee following such investigations; and
 - (d) be accompanied by a Compliance Certificate, in a form approved by the Authority in accordance with paragraph 6, approved by a resolution of the Board and signed in good faith by the Single Appointed Director pursuant to that resolution, in respect of the licensee's compliance with the Specified Duties.
 19. The licensee must, as soon as reasonably practicable, following the approval of the Compliance Certificate by the Board, and in any event before the end of the period of [120] days beginning with the date of issue of each annual report of the Compliance Officer, ensure copies of the Compliance Report and Compliance Certificate are readily accessible to the public from the licensee's website.
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20. The licensee must, if so directed by the Authority, appoint an Independent Examiner for the purpose of providing a written report to the Authority:
 - (a) reviewing the practices, procedures and systems that have been implemented to secure compliance with this special condition;
 - (b) assessing the appropriateness of such practices, procedures and systems for securing compliance with the licensee's obligations under this special condition; and
 - (c) reporting on the licensee's compliance with the requirements of this special condition.
21. The Independent Examiner's report must be provided to the Authority during the period of [3] Working Days beginning with the date on which the licensee receives the report from the Independent Examiner.
22. The Independent Examiner's report must be commissioned at such intervals as the Authority may direct.

Special Condition 8. Independent Technical Adviser

Introduction

1. The purpose of this special condition is to set out the licensee's obligations in respect of the Independent Technical Adviser.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the licensee's obligations in respect of the Independent Technical Adviser; and
 - (b) Part B sets out the process for the resolution of any disputes in relation to recommendations made by the Independent Technical Adviser.

Part A: Role of the Independent Technical Adviser

Appointment of the Independent Technical Adviser

3. Subject to obtaining prior consent from the Authority and the Secretary of State, the licensee must appoint, and maintain for the duration of the Pre-PCR Phase the appointment of, an entity to act as an Independent Technical Adviser on such terms as required by this Part A.

Role of the Independent Technical Adviser

4. The licensee must ensure that the terms of the Independent Technical Adviser Deed require the Independent Technical Adviser, amongst other things, to make recommendations to the Authority (based on its review, evaluation and verification of relevant information) in respect of the licensee's assessment of:
 - (a) the Actual Allowable Capital Spend (Nominal), Actual Allowable Capital Spend (ACI), Actual Allowable Capital Spend (CPIH)[, Actual Allowable Operational Spend (Nominal), Actual Allowable Operational Spend (ACI), Actual Allowable Operational Spend (CPIH),] and, where applicable, the Actual Additional Allowable Spend (Nominal), Actual Additional Allowable Spend, and Actual Social Benefits and Communications Costs;
 - (b) the Actual Percentage Completion (for the purposes of Earned Value analysis);³⁴
 - (c) the Forecast Supplemental Revenue and Forecast Electrical Output on a look forward basis;

³⁴ **Note:** Definitions to be updated in line with the development of the RIGs.

- (d) the Forecast Allowable Capital Spend and Forecast Allowable Operational Spend on an annual look forward basis;
 - (e) Predicted Overruns notified to the Authority by the licensee;
 - (f) any draft or final form Mitigation Plan due to a Predicted Overrun or a Delay Event; and
 - (g) the annual calculation of the Allowed Revenue.
5. The licensee must also procure that the terms of the Independent Technical Adviser Deed require the Independent Technical Adviser to:
- (a) review any reports prepared and distributed to it by the licensee in accordance with this licence;
 - (b) provide written commentary on the reports referred to in sub-paragraph (a) within [14] days of receipt;
 - (c) provide reasonable assistance to support the parties in resolving any dispute in relation to the matters on which the Independent Technical Adviser is responsible for advising;
 - (d) provide advice, as requested, in relation to the assessment of any Relevant Change of Circumstances;
 - (e) respond to any other requests by the Authority to review any information required to be provided by the licensee;
 - (f) respond to any request from the Authority or the Secretary of State about whether a Predicted Overrun is likely to occur; and
 - (g) ensure that it is suitably resourced and competent to perform the ITA Services in accordance with its terms of appointment.
6. The licensee must ensure that, amongst other things, the Independent Technical Adviser Deed:
- (a) states that the Independent Technical Adviser owes:
 - (i) a duty of care to each of the Authority, the Secretary of State and the licensee; and
 - (ii) a duty of candour to the ONR and the Environment Agency;
 - (b) requires the Independent Technical Adviser to report its assessment of the licensee's forecast spend in the following quarter in a report to the Secretary of State, the Authority and licensee; and
 - (c) requires the Independent Technical Adviser to classify the matters on which it reports according to their level of seriousness.
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The licensee's obligations in relation to the Independent Technical Adviser

7. The licensee must not terminate the Independent Technical Adviser's appointment without the consent of the Authority and the Secretary of State.
8. The licensee must as soon as reasonably practicable provide such information and assistance to the Independent Technical Adviser, including rights of access for inspection, measuring and testing in respect of the Regulated Assets, as it may reasonably require or request to assist it in fulfilling its role in accordance with the Independent Technical Adviser Deed.
9. The licensee must continuously keep the Independent Technical Adviser updated on the Project.
10. The licensee must ensure that the Authority:
 - (a) has access to all Information and advice from the Independent Technical Adviser; and
 - (b) is provided with copies of any correspondence or documentation between the licensee and the Independent Technical Adviser.
11. The licensee consents to the Authority sharing such information provided to it by the licensee with the Independent Technical Adviser as may be reasonably relevant to the Independent Technical Adviser delivering the ITA Services.

Reporting to the Independent Technical Adviser

12. The licensee must report its spend on a monthly basis to the Independent Technical Adviser for verification, including spend against each Delivery Area and, if applicable, in relation to any ancillary or related project.
13. The licensee must report all its spend in GBP, providing calculations and evidence to demonstrate how any non-GBP spend has been converted to GBP using the Assumed FX Rate.
14. [The licensee must provide such other information as the Independent Technical Adviser requires to assess its compliance with the Currency Hedging Policy.]
15. Any spend that the licensee does not report, or does not report in sufficient detail to enable the Independent Technical Adviser to verify that the spend is Allowable Project Spend, will be treated as Excluded Project Spend unless and until the licensee rectifies such failure and the amount is verified by the Independent Technical Adviser.
16. If the licensee disagrees with the assessment made by the Independent Technical Adviser, its right to dispute the matter is limited to the dispute resolution mechanism set out in Part B.

Part B: Dispute Resolution Procedure

17. The licensee's right to dispute a recommendation of the Independent Technical Adviser is limited to such dispute resolution procedure as may be set out under the Independent Technical Adviser Deed.
18. Where the outcome of such dispute resolution may have the effect of amending a recommendation made by the Independent Technical Adviser in respect of particular matter, this will not limit the Authority's discretion to determine the relevant matter.
19. If the Authority makes a determination that is contrary to a recommendation made by the Independent Technical Adviser, the licensee's right to challenge such determination is limited to the rights set out in Special Condition 11 (*References to the Competition and Markets Authority*).

Special Condition 9. Disposals

Introduction

1. The purpose of this special condition is to set out the requirements on the licensee in respect of Disposals of Relevant Assets and restrictions on charges over Receivables.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the general restriction on the licensee disposing of Relevant Assets and the exceptions to such restrictions;
 - (b) Part B sets out the general restriction on the licensee granting security over Receivables and the exceptions and the exceptions to such restrictions;
 - (c) Part C sets out the procedure for getting the Authority's consent;
 - (d) Part D sets out specific requirements that apply to Related Party Land Disposals; and
 - (e) Part E sets out how any proceeds of a Disposal must be applied.

Part A: Disposing of Relevant Assets

3. The licensee must not Dispose of, or Relinquish Operational Control over, any Relevant Asset except in accordance with the provisions of this special condition.
4. Notwithstanding any other provision of this licence, the licensee must ensure that any Disposal of, or Relinquishment of Operational Control over, any Relevant Asset is always subject to the licensee complying with applicable Legal Requirements, and any terms of the Government Support Package and the Funded Decommissioning Plan.
5. Subject to paragraph 4, Part C and Part D, the obligation in paragraph 3 does not apply in the following circumstances:
 - (a) the licensee has notified the Authority of the Disposal in accordance with paragraph 11 and the Authority has provided its consent, and the licensee has:
 - (i) complied with such conditions as the Authority may attach to its consent; and
 - (ii) if applicable, procured that any third party to the transaction in question complies with such conditions; or
 - (b) the Authority has consented (whether or not subject to conditions) to the Disposal of, or Relinquishment of Operational Control over, Relevant Assets of a specified description, and such Disposal or relinquishment is of such

specified description and in accordance with any conditions to which the consent is subject.

provided that, in respect of sub-paragraph (b), the licensee must notify the Authority prior to or, if and to the extent that such notification in advance is not practicable, as soon as reasonably practicable after, such transaction.

Part B: Granting security over Receivables

6. Subject to Special Condition 10 (*Indebtedness*), the licensee must not grant any mortgage, charge, or other form of security over any Receivable, or class or classes of Receivables, except in accordance with the provisions of this special condition.
7. A grant of any mortgage, charge, or other form of security over any Receivable, or class or classes of Receivables, is always subject to the licensee complying with applicable Legal Requirements, and any terms of the Government Support Package and the Funded Decommissioning Plan.
8. [In respect of any mortgage, charge, or other form of security over any Receivable, or class or classes of Receivables, in effect at the Licence Modification Date, the licensee is permitted to:
 - (a) maintain such security in effect; and
 - (b) vary the terms of such security, provided that such variation does not have the effect of extending the scope of such security insofar as it applies to the licensee's Receivables.]³⁵
9. The licensee may grant any mortgage, charge, or other form of security over any Receivable, or class or classes of Receivables, if:
 - (a) the licensee has notified the Authority of the intention to grant any mortgage, charge or other form of security over a Receivable or class or classes of Receivables in accordance with paragraph 11 and the Authority has provided its consent, and the licensee has:
 - (i) complied with such conditions as the Authority may attach to its consent; and
 - (ii) if applicable, procured that any third party to the transaction in question complies with such conditions; or
 - (b) the Indebtedness of the licensee that is to be secured by such transaction:
 - (i) has been, or will be, incurred in accordance with Special Condition 10;
 - (ii) represents the novation or rollover of existing Indebtedness; and

³⁵ **Note:** Subject to confirmation of the expected day-1 position.

- (iii) the proceeds of such Indebtedness are used to repay the existing Indebtedness referred to in sub-paragraph (ii),

provided that

- (A) the licensee must notify the Authority prior to or, if and to the extent that such notification in advance is not practicable, as soon as reasonably practicable after, such transaction;
 - (B) such transaction is in compliance with applicable Legal Requirements, and any terms of the Government Support Package and the Funded Decommissioning Plan; and
 - (C) where the transaction is also a Related Party Land Disposal, it is in compliance with Part D.
10. For the purposes of paragraph 9, what is meant in any particular case by:
- (a) “existing Indebtedness”; and
 - (b) “proceeds of the Indebtedness”,
- is to be treated as a question of fact.

Part C: Authority’s consent

11. If the licensee intends to:
- (a) Dispose of, or Relinquish Operational Control over any Relevant Asset, as permitted by paragraph 5(a), the licensee must give the Authority not less than [3] months’ prior notice of its intention to Dispose of, or Relinquish Operational Control over, any Relevant Asset, together with such Supporting Information relating to such asset or the circumstances of such intended Disposal or Relinquishment of Operational Control or to the intentions in regard thereto of the person proposing to acquire such asset or acquire operational control over such asset (as applicable); or
 - (b) grant any mortgage, charge, or other form of security over any Receivable, or class or classes of Receivables, as permitted by paragraph 9(a), the licensee must give the Authority not less than [3] months’ prior notice of its intention to grant any mortgage, charge, or other form of security over any Receivable or class or classes of Receivables, together with such Supporting Information relating to such Receivable, class or classes of Receivables or the circumstances of the intended grant of the mortgage, charge or other form of security.

12. If the Authority considers that it needs longer to consider the notice submitted by the licensee pursuant to paragraph 11, it will notify the licensee of the extension that will apply to that notice period.
13. Where a notice from the licensee under paragraph 11 relates to a Material Disposal, other than a Related Party Land Disposal, the licensee will, at the same time as it provides such notice, submit a report (addressed to the Authority) prepared by an Independent Valuer that provides an independent valuation of the Relevant Asset and the justification for such valuation.
14. Following consideration of the licensee's submission pursuant to paragraph 11, the Authority will:
 - (a) provide its consent in respect of the notified transaction;
 - (b) withhold its consent in respect of the notified transaction; or
 - (c) require further Supporting Information from the licensee to confirm whether the notified transaction can be accepted.

Part D: Restrictions on Related Party Land Disposals

15. Notwithstanding any other provision to the contrary, the licensee may only make (or enter into any agreement to make) any Related Party Land Disposal:
 - (a) if it has the consent of the Authority; and
 - (b) in accordance with the requirements of this Part D.
16. Where the licensee wishes to make a Related Party Land Disposal, it must provide the Authority with a copy of an independent land valuation from a Qualified Professional Land Valuation Expert confirming that the consideration that the licensee will receive in respect of the proposed Related Party Land Disposal is no less than the Open Market Value and reflects the best price that could reasonably be obtained in an equivalent transaction with any other third party who is not associated with the licensee, having regard to the prevailing market conditions at the time of the proposed transaction.
17. The licensee must provide the independent land valuation referred to in paragraph 16 to the Authority at the same time as it provides the required notice pursuant to paragraph 11.

Part E: Proceeds of any Disposal

18. The licensee must procure that any Disposal is on commercial terms and, where applicable, in line with any valuation provided:
 - (a) by the Independent Valuer pursuant to paragraph 12; or

- (b) by a Qualified Professional Land Valuation Expert in respect of a Related Party Land Disposal, pursuant to paragraph 16.
19. To the extent the proceeds of any Disposal are different from any valuation referred to in paragraph 18, the licensee must provide evidence to justify the reasonableness of such difference, and ensure that such evidence is retained for a minimum of [7] years in a format that enables it to be easily identified and accessed so that the licensee can deliver it as soon as reasonably practicable to the Authority upon request.
20. The whole of the proceeds of any Disposal in accordance with this special condition must be deducted from the RAB value in accordance with Special Condition 27 (*Valuation of the Regulated Asset Base during the Pre-PCR Phase*) for any Disposal that occurs prior to the PCR or, for any later Disposal, in accordance with Special Condition 45 (*Valuation of the Regulated Asset Base during the Operations Phase*).

Special Condition 10. Indebtedness

Introduction

1. The purpose of this special condition is to set out the restrictions that apply to the licensee in respect of Indebtedness.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the restrictions on the licensee incurring Indebtedness or entering into associated specified transactions, and any exceptions to those restrictions; and
 - (b) Part B sets out the additional limitations that apply, in certain circumstances, to any permissions set out in Part A.

Part A: Restrictions on incurring Indebtedness and entering into associated specified transactions

3. Unless the Authority otherwise consents (following disclosure by the licensee of all material facts), the licensee must not permit any of the circumstances set out in paragraphs 4 to 6 to occur.
4. With the exception of any Permitted Transactions, the licensee must not create or permit to remain in effect any mortgage, charge, pledge, lien or other form of security or encumbrance whatsoever, undertake any Indebtedness to any other person, or enter into any guarantee or any obligation otherwise than:
 - (a) on an arm's length basis;
 - (b) on commercial terms;
 - (c) for a Permitted Purpose; and
 - (d) where such transaction also constitutes a Disposal of, or Relinquishment of Operational Control over, any Relevant Asset or the grant of any mortgage, charge, or other form of security over any Receivable, or class or classes of Receivables, such transaction complies with the requirements of Special Condition 9 (*Disposals*).
5. Subject to paragraph 8, and without prejudice to the requirements of Special Condition 6 (*Associate Transactions*), the licensee must not transfer, lease, licence or lend any sum or sums, asset, right or benefit to any Associate otherwise than by way of:
 - (a) a Distribution;

- (b) repayment of capital;
- (c) payment properly due for any goods, services or assets provided on an arm's length basis and on commercial terms provided that, if a Credit Rating Trigger Event is continuing in respect of the licensee, such payment will only be made in relation to any commitments arising prior to the date on which the Credit Rating Trigger Event arose;
- (d) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on commercial terms and made in compliance with the payment condition referred to in paragraph 7;
- (e) repayment of or payment of interest on a loan not prohibited by paragraph 4 provided that, if a Credit Rating Trigger Event is continuing in respect of the licensee, such payment or repayment will only be made if the relevant loan was contracted prior to the date on which the Credit Rating Trigger Event arose;
- (f) [payments for Group Corporation Tax relief or for the surrender thereof, calculated on a basis not exceeding the value of the benefit received;]³⁶ or
- (g) an acquisition of shares or other investments in conformity with paragraph 4 of Special Condition 5 (*Ringfencing*) made on an arm's length basis and on commercial terms,

provided however that the provisions of paragraph 8 will prevail in any of the circumstances described or referred to therein.

6. The licensee must not create, incur or permit to remain in effect any agreement or commitment incorporating a Cross-Default Obligation, save that the licensee may:
 - (a) give a guarantee permitted by, and compliant with, the requirements of paragraph 4; and
 - (b) permit any Cross-Default Obligation in existence at the Licence Modification Date to remain in effect for a period not exceeding 12 months from that date, provided that:
 - (i) the Cross-Default Obligation is solely referable to an instrument relating to the provision of a loan or other financial facilities granted prior to the Licence Modification Date; and
 - (ii) the terms on which those facilities have been made available, as subsisting on the Licence Modification Date, are not varied or otherwise made more onerous.

³⁶ **Note:** Subject to further review and tax analysis.

Part B: Additional obligations on the licensee in respect of its ability to incur Indebtedness

7. The payment condition referred to in paragraph 5(d) is that the consideration due in respect of the transaction in question is paid in full when the transaction is entered into unless either:
 - (a) the counterparty to the transaction has, and maintains until payment is made in full, an Investment Grade Rating; or
 - (b) the obligations of the counterparty to the transaction are fully and unconditionally guaranteed throughout the period during which any part of the consideration remains outstanding by a guarantor which has, and maintains, an Investment Grade Rating.
8. Except with the prior consent of the Authority, if any of the circumstances set out in paragraphs 9 to 11 apply, the licensee must not enter into or complete any transaction of a type referred to or described in paragraph 5 otherwise than in accordance with paragraph 12.
9. The circumstance described by this paragraph 9 is that there is a Credit Rating Trigger Event continuing in respect of the licensee.
10. The circumstance described by this paragraph 10 is that the licensee has:
 - (a) given the Authority a certificate in the form of Certificate 3F under the requirement set out in paragraph 12 of Special Condition 5 and has not subsequently given the Authority a certificate in the form of Certificate 1F or Certificate 2F as set out in the same paragraph 12; or
 - (b) given the Authority a certificate in the form of Certificate 3R under the requirement set out in paragraph 14 of Special Condition 5 and:
 - (i) the opinion expressed in the certificate arises in whole or in part from circumstances affecting an Associate; and
 - (ii) the licensee has not subsequently given the Authority a certificate in the form of Certificate 1R or Certificate 2R as set out in the same paragraph 14;

or

 - (c) informed the Authority of any circumstance of the type referred to at paragraph 19 of Special Condition 5 and:
 - (i) the circumstances giving rise to the licensee's report relate to the licensee's financial resources and the licensee has not subsequently given the Authority a certificate in the form of Certificate 1F or 2F as set out in the same condition; or

- (ii) the circumstances giving rise to the licensee's report relate to the licensee's operational resources and:
 - (A) relate in whole or in part to circumstances affecting an Associate; and
 - (B) the licensee has not subsequently given the Authority a certificate in the form of Certificate 1R or 2R as set out in the same condition.
- 11. The circumstance described by this paragraph 11 is that the licensee has, after the Licence Modification Date, materially breached any formal covenant contained in any loan agreement, commercial paper, bond issue or committed facility that it has entered into with a counterparty, unless one of the following applies:
 - (a) the licensee has remedied the breach to the satisfaction of the counterparty concerned; or
 - (b) the licensee has renegotiated the covenant or arrangement to the satisfaction of the counterparty concerned,
and in either case sub-paragraph (a) or (b) the remedy or renegotiation has been notified to the Authority; or
 - (c) in response to a written request from the licensee, the Authority has confirmed, before the breach occurs, that the breach in question will not trigger the provisions of paragraph 8 or 12.
- 12. Where, under the provisions of paragraph 8, the licensee is prohibited from entering into or completing any transaction of a type referred to or described in paragraph 5, the licensee may not, without the prior consent of the Authority (following disclosure of all material facts), transfer, lease, licence or lend any sum or sums, asset, right or benefit (as described or referred to in paragraph 5) to any Associate, unless by way of payments for Group Corporation Tax relief or the surrender thereof, calculated on a basis not exceeding the value of the benefit received, provided that the payments are not made before the date on which the amounts of tax thereby relieved would otherwise have been due.

Special Condition 11. References to the Competition and Markets Authority

Introduction

1. The purpose of this special condition is to set out the licensee's right to refer a decision of the Authority to the CMA in certain circumstances, in particular pursuant to section 6(5)(g) and section 10(3) of NEFA.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the process for the licensee to refer to the CMA an Authority decision;
 - (b) Part B sets out consequential matters following a CMA determination; and
 - (c) Part C sets out the application of the CMA's rules of procedure and guidance.

Part A: References to the CMA

3. During the Pre-PCR Phase, the circumstances in which the licensee may refer to the CMA an Authority decision are as follows:
 - (a) the first circumstance is where:
 - (i) the licensee or Authority has issued a notice, pursuant to Special Condition 44 (*Relevant Change of Circumstance during the Pre-PCR Phase*); and
 - (ii) following such notice:
 - (A) the Authority has not made a final determination or has not notified the licensee of its final determination within the timeframe set out in Special Condition 44 (which will be deemed for the purposes of this special condition to be a determination that the relevant RCC Trigger Event does not constitute a Relevant Change of Circumstance); or
 - (B) the licensee disputes the Authority's determination;
 - (b) the second circumstance is where the licensee disputes any determination made by the Authority in its calculation of the Allowed Revenue other than a determination in respect of:
 - (i) the Return on Capital Building Block pursuant to Special Condition 31 (*Return on Capital Building Block during the Pre-PCR Phase*);

- (ii) the Additional Return on Capital Building Block pursuant to Special Condition 32 (*Additional Return on Capital Building Block during the Pre-PCR Phase*);
 - (iii) the FDP Allowance Building Block pursuant to Special Condition 34 (*FDP Allowance Building Block during the Pre-PCR Phase*); or
 - (iv) the Liquidity Building Block pursuant to Special Condition 36 (*Liquidity Building Block*);
- (c) the third circumstance is where:
- (i) the licensee has submitted a Scheduled COD Extension Application or an LSD Extension Application; and
 - (ii) following a Scheduled COD Extension Application or an LSD Extension Application:
 - (A) the Authority has not notified the licensee of its determination following a Scheduled COD Extension Application or the LSD Extension Application (as applicable) within the timeframe[s] specified in Special Condition 42 (*Extensions to Scheduled COD or the Longstop Date*), which will be deemed for the purposes of this special condition to be a determination by the Authority not to extend the Scheduled COD or the Longstop Date (as applicable); or
 - (B) the licensee disputes the Authority's determination regarding a Scheduled COD Extension Application or an LSD Extension Application (as applicable);
- (d) the fourth circumstance is any Authority decision to implement a modification of the Price Control Financial Model and CDA Calculation Model, which does not fall within sub-paragraphs (a) to (c) or paragraph 10 of Special Condition 26 (*Price Control Financial Model*); or
- (e) the fifth circumstance is where:
- (i) the Authority has issued a Revocation Notice;
 - (ii) the licensee has issued a Reference Notice asking the Authority to determine whether the Allowed Revenue should be adjusted; and
 - (iii) either:
 - (A) the Authority has not notified the licensee of its determination within the deadline specified in Part E (*Issuing a Reference Notice to the Authority*) of Special Condition 12 (*Revocation*); or

(B) the licensee disputes the Authority's determination.

Part B: Consequential matters

4. The Authority will take such steps as are necessary, including in relation to the licence, to give effect to a determination made by the CMA.

Part C: CMA rules and guidance

5. Rules of procedure made by the CMA in exercise of the power conferred by paragraph 11(1) of Schedule 5A to the Act, and related guidance issued by the CMA, apply to a reference made under this special condition as they apply to a price control decision as defined by section 11F(7) of the Act.

Special Condition 12. Revocation

Introduction

1. The purpose of this special condition is to detail the circumstances under which the Authority may revoke the special conditions in whole or in part.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out when the Authority may revoke the special conditions in whole or in part;
 - (b) Part B sets out the process in respect of the transfer of the Regulated Assets following a Revocation Notice;
 - (c) Part C provides for revocation upon the expiry of the Regulatory Period;
 - (d) Part D provides for the suspension of certain rights to revoke the licence; and
 - (e) Part E sets out when the licensee may issue a Reference Notice requesting the Authority determine whether the Allowed Revenue should be adjusted.

Part A: Revocation events

3. Subject to paragraph 5 and Part C, if any of the circumstances set out in paragraph 4 occur, the Authority may revoke all or part of the special conditions of this licence by issuing a Revocation Notice to the licensee.
4. The circumstances referred to in paragraph 3 are:
 - (a) subject to paragraph 7, a Standard Generation Licence Revocation Event has occurred and/or is continuing;
 - (b) a revocation or surrender of the Nuclear Site Licence;
 - (c) Permanent Early Closure and decommissioning of the Regulated Assets;
 - (d) a transfer by scheme of the shares in, or the property and liabilities of, the licensee in accordance with a Statutory Transfer Scheme; or
 - (e) following the issuance of a Discontinuation Notice by the Secretary of State and payment of any discontinuation compensation payable by the Secretary of State pursuant to the Discontinuation and Compensation Agreement.
5. At any time whilst there is an FDP Shortfall outstanding, the Authority's right to revoke the standard conditions of this licence will be suspended and any right to revoke the special conditions of this licence will be limited to a Partial Revocation, unless:

- (a) the Secretary of State otherwise directs; or
 - (b) following a Partial Revocation, the FDP Final Amount has been paid to the licensee during the Partial Revocation Period.
6. Where the Authority intends to implement a Partial Revocation, it will notify the licensee of its intention to do so and the licensee will comply with the requirements set out in Part E (*FDP Shortfall*) of Special Condition 13 (*Funded Decommissioning Programme*). The Authority will only issue a Revocation Notice implementing a Partial Revocation following the determination of the FDP Final Amount.
7. The Authority will not revoke the licence pursuant to paragraph [1(f) of Schedule 2 (*Revocation*)] to the licensee's Electricity Generation Licence where:
- (a) the Secretary of State or the Authority (with the consent of the Secretary of State) has applied to the courts for an order for Nuclear Administration, until such application has been considered by the court; or
 - (b) the court has granted an order for Nuclear Administration, for so long as the Nuclear Administration is continuing.
8. Any Revocation Notice issued by the Authority will have not less than 30 days' notice, provided that any notice of Partial Revocation shall only take effect after the Approved FDP Modification pursuant to paragraph 23 of Special Condition 13 (*Funded Decommissioning Programme*) has been implemented.

Part B: Transfer of the Regulated Assets

9. On expiry of the Revocation Notice, the licensee must transfer any Regulated Assets that it holds:
- (a) as the Secretary of State may determine, whether pursuant to a Statutory Transfer Scheme or as a result of a direction given by the Secretary of State in accordance with the Nuclear Administration and Statutory Transfers Agreement; or
 - (b) if no determination has been made or direction given by the Secretary of State as described in sub-paragraph (a), to such person as the Authority may notify to the licensee in the Revocation Notice or in a direction.
10. The licensee must comply with any notification or direction given by the Authority pursuant to this Part B, including any steps or conditions.

Part C: Revocation and transfer

11. Without prejudice to paragraph 5, the Authority will consult the Secretary of State at least [6 months] prior to:

- (a) the date of any proposed revocation of all or part of the special conditions; or
 - (b) the expiry of the Initial Regulatory Period.
12. As part of any consultation pursuant to paragraph 11, the Secretary of State may notify the Authority, in its absolute discretion:
- (a) without prejudice to any rights, powers or course of action which may otherwise be available to the Secretary of State at the time, the Secretary of State intends to implement a Statutory Transfer Scheme to transfer some or all of the property, rights and liabilities of the licensee to the NDA or to a publicly owned company (each as defined in the Energy Act 2004) or otherwise effect an asset or share transfer in accordance with the terms of the Nuclear Administration and Statutory Transfers Agreement; and/or
 - (b) in circumstances where the Initial Regulatory Period would otherwise expire, to extend the term of the special conditions until the expiry of the Extended Regulatory Period on such terms as it may agree with the Authority and the licensee.
13. If the Secretary of State has not issued a notice in accordance with paragraph 12(a) or (b) and the Authority has obtained the Secretary of State's prior consent, the Authority may revoke the special conditions. The Authority will not revoke the licence if the Secretary of State has issued a notice under paragraph 12(a).
14. Nothing in this Part C will oblige, or be construed as obliging, the Secretary of State to make a Statutory Transfer Scheme or to take any other action or exercise any rights or powers, nor will this Part C:
- (a) be construed as giving rise to any expectation as to how the Secretary of State will or will not exercise the Secretary of State's discretion or otherwise act;
 - (b) be construed as fettering the discretion of the Secretary of State; or
 - (c) constitute, nor will it be construed as constituting, a predetermination of the Secretary of State's discretion in such matters.

Part D: Revocation under the Electricity Generation Licence

15. Notwithstanding the provisions of the Electricity Generation Licence, any right the Authority may have to determine the licence on not less than 25 years' notice, pursuant to paragraph 3 of the Electricity Generation Licence, will be automatically suspended unless and until these special conditions are revoked in full.

Part E: Issuing a Reference Notice to the Authority

16. At any time after the Post Construction Review, if the Authority has issued a Revocation Notice pursuant to paragraph 3 or 13, the licensee may issue a Reference

Notice asking the Authority to determine whether the Allowed Revenue should be adjusted and reconciled for any applicable reconciliation adjustments for the period from the last PR Determination to the date of the proposed revocation.

17. The licensee must issue the relevant Reference Notice to the Authority no later than [14 July] in the relevant Charging Year or, where the Revocation Notice is issued after [14 April] in the relevant Charging Year, as soon as possible after the Revocation Notice is issued and in any event within 3 months of the Revocation Notice having been issued.
18. In determining the question asked by the licensee pursuant to paragraph 16, the Authority will:
 - (a) assume that the Revocation Notice had not been issued; and
 - (b) have regard to all relevant circumstances, including any change in circumstance that:
 - (i) has occurred since the last PR Determination; or
 - (ii) is to occur.
19. Within [3] months of the date of the Reference Notice, the Authority will notify the licensee:
 - (a) of its determination; or
 - (b) the date that it will issue its determination, where the Authority requires additional time to consider the Reference Notice.
20. The Authority's determination will specify whether a change should be made to the Allowed Revenue and, if so, what that change should be.

Special Condition 13. Funded Decommissioning Programme

Introduction

1. The purpose of this special condition is to set out the information that the licensee must provide to the Authority in respect of the Funded Decommissioning Programme and how the contributions that the licensee is required to make to its decommissioning fund are funded through the licensee's Allowed Revenue.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the licensee's general obligations under this licence in respect of the FDP;
 - (b) Part B sets out the licensee's payment obligations;
 - (c) Part C sets out the licensee's reporting obligations;
 - (d) Part D sets out the FDP Allowance Building Block modification process; and
 - (e) Part E sets out the procedure in respect of an FDP Shortfall in the event of a Partial Revocation.

Part A: Funded Decommissioning Programme obligations

3. The licensee must establish and maintain (i) FundCo; and (ii) the FDP Account.
4. The licensee must not grant security over the FDP Account to any entity other than the Secretary of State in its capacity under the Energy Act 2008.
5. The licensee must inform the Authority immediately if, at any time during the Regulatory Period, it ceases to have an approved Funded Decommissioning Programme in place.
6. From First Criticality, the licensee must pay the First Criticality Payment and each FDP Monthly Contribution from the FDP Account to FundCo on or prior to the date on which such contribution is due to FundCo in accordance with the FAP and the First Approved Contributions Notice or the relevant Approved Contributions Notice (as applicable).
7. The licensee must provide the Authority with a copy of the Approved Contributions Notice for relevant Charging Year_t on or before [1 November] of each Charging Year_{t-1}.
8. If the licensee fails to do so, the Authority will determine that the FDP Allowance which is applicable in relation to the FDP Annual Contribution for that Charging Year_t is deemed to be zero. If an Approved Contributions Notice is being disputed in

accordance with the FAP at the time the Authority is setting the Allowed Revenue for the next Charging Year, the FDP Allowance in relation to the FDP Annual Contribution for the relevant Charging Year shall be the undisputed portion of the FDP Annual Contribution under the Approved Contributions Notice (as evidenced by the licensee to the Authority).

9. The FDP Allowance will be equal to zero for any Charging Year, in respect of which the FDP is not in place.
10. Paragraphs 7 and 9 are without prejudice to the licensee's obligation to fund the FDP Fund under the FAP or otherwise pursuant to any applicable statutory, regulatory or contractual obligations.

Part B: Funded Decommissioning Programme payment obligations

11. In each Charging Year following the licensee's submission of the First Approved Contributions Notice to the Authority, the licensee must, by no later than [●]³⁷ Working Days prior to the end of each calendar month, pay:
 - (a) the full amount of the FDP Monthly Contribution for the subsequent calendar month into the FDP Account; and
 - (b) in respect of any calendar month prior to the First Criticality Payment Date, such portion of any Difference Payments received as relates to the First Criticality Payment into the FDP Account.
12. The licensee is only permitted to make withdrawals from the FDP Account for the purpose of paying:
 - (a) the FDP Monthly Contribution; and
 - (b) the First Criticality Payment,to FundCo, in each case in accordance with the FAP.
13. Any amounts standing to credit of the FDP Account constitute "protected assets" for the purposes of section 56 of the Energy Act 2008.
14. The licensee must make payments, in a timely manner, to FundCo as required to satisfy FundCo costs.

Part C: Reporting in relation to the Funded Decommissioning Programme

15. The licensee must provide the Authority with a copy of:
 - (a) the FDP within [5] Working Days of it being approved by the Secretary of State (whether with or without modifications and unconditionally or subject

³⁷ Note: Timings to be confirmed.

to conditions) in accordance with the FAP and section 46 of the Energy Act 2008;

- (b) any revised FDP within [5] Working Days of any modifications being implemented in accordance with sections 48 to 51 of the Energy Act 2008;
 - (c) any First Criticality Report, FDP Annual Report or Quinquennial Report or any other report submitted to the Secretary of State in accordance with the Nuclear Decommissioning and Waste Handling (Finance and Fees) Regulations 2013 (or any replacement regulations), in each case within [5] Working Days of submitting such report to the Secretary of State;
 - (d) the First Approved Contributions Notice produced by the licensee and issued to the Secretary of State in accordance with the FAP as soon as reasonably practicable and in any event, no later than [1 November] of the Charging Year in which the Scheduled First Criticality Payment Date is forecast to occur;
 - (e) an Approved Contributions Notice in respect of each relevant Charging Year produced in accordance with the FAP as soon as reasonably practicable and in any event, no later than [1 November] of the immediately preceding Charging Year; and
 - (f) a certificate signed by two directors confirming that there is no outstanding disagreement or dispute between the Review Participants (as defined in the FAP) in respect of the relevant Approved Contributions Notice.
16. On or around [date] each Charging Year following First Criticality, the licensee must request evidence from FundCo of the balance standing to the credit of the FDP Fund and share a copy of the same with the Authority within [5] Working Days of receipt.
17. Within [5] Working Days of the licensee becoming aware that the First Criticality payment date (being the date falling 5 Working Days prior to the First Criticality) will not occur in the Charging Year in which Scheduled First Criticality Payment Date was forecast to occur, the licensee must notify the Authority of the new Scheduled First Criticality Payment Date.

Part D: Modification to the FDP

18. The licensee must notify the Authority as soon as reasonably practicable after the licensee becomes aware of a modification to the FDP being considered by the licensee, FundCo and/or the Secretary of State.
19. Where the FDP has been modified pursuant to an Approved FDP Modification, the licensee will, no later than [5 Working Days] after the Approved FDP Modification, notify the Authority of:
- (a) such Approved FDP Modification; and

- (b) where such Approved FDP Modification has been made following notice that the Authority intends to implement a Partial Revocation, the FDP Final Amount.

Part E: FDP Shortfall

- 20. As soon as reasonably practicable after the Authority has notified the licensee of its intention to implement a Partial Revocation pursuant to paragraph 6 of Special Condition 12 (*Revocation*), the licensee will determine the provisional value of the FDP Shortfall under the FAP, taking into account any modifications that may be required to the DWMP in light of the Authority's notice.
- 21. As soon as reasonably practicable and in any event within, [15] days of the notice from the Authority pursuant to paragraph 6 of Special Condition 12 (*Revocation*), the licensee will notify the Authority of the provisional values of:
 - (a) the FDP Shortfall; and
 - (b) the FDP Final Amount, assuming that the Partial Revocation Period is [10] years.
- 22. The Authority will, having regard to the provisional values notified to it by the licensee pursuant to paragraph 21, determine the Partial Revocation Period and notify the licensee of the same.
- 23. The licensee shall promptly, and in any event within [15] Working Days of the determination of the Partial Revocation Period by the Authority pursuant to paragraph 22, propose a modification under the Energy Act 2008 to the FDP to take account of the Partial Revocation Period, including updates to the DWMP, the Decommissioning Start Date and the End of Generation Target (each as defined in the FAP) and funding path in the FAP to ensure that there is no FDP Shortfall at the end of the Partial Revocation Period.
- 24. The licensee will in addition to notifying the Authority of the Approved FDP Modification arising as result of paragraph 23 also notify the Authority of the FDP Final Amount in accordance with Part D.

Special Condition 14. Housekeeping Modifications

Introduction

1. The purpose of this special condition is to provide a process for making Housekeeping Modifications to the licence.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the process for determining whether a modification constitutes a Housekeeping Modification; and
 - (b) Part B sets out the process for making Housekeeping Modifications.

Part A: Assessment of proposed modification

3. Notwithstanding any other provision of the licence, the Authority may make Housekeeping Modifications to the licence in accordance with this special condition.
4. Before initiating any modification under this special condition, the Authority will assess whether that modification is a Housekeeping Modification.
5. In making the assessment required by paragraph 4, the Authority will have regard to all relevant factors, including the views of the Housekeeping Modification Working Group.

Part B: Process for implementing Housekeeping Modifications

6. If, having carried out the assessment required under Part A, the Authority considers that the intended modification is a Housekeeping Modification, it may modify the licence by direction to implement the intended modification.
7. Before making a direction under paragraph 6, the Authority will publish on the Authority's Website:
 - (a) the text of the proposed direction;
 - (b) the reasons for the proposed direction, including why the Authority believes that it is a Housekeeping Modification; and
 - (c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.
8. A direction under paragraph 7 will set out:
 - (a) the modification to the conditions of this licence; and
 - (b) the date on which it is to have effect or the mechanism by which that date is to be determined.

Chapter 3 Information and Reporting

Special Condition 15. Reporting

Introduction

1. The purpose of this special condition is to set out the licensee's obligations to provide certain reports and information to the Authority.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the licensee's overarching obligation in relation to provision of Information;
 - (b) Part B sets out the licensee's obligations in respect of its annual Availability reporting; and
 - (c) Part C sets out the licensee's reporting obligations following an RCC Trigger Event.

Part A: Provision of Information

3. The licensee must provide all Information to the Authority as reasonably required under, and in accordance with, any condition of this licence.
4. The licensee must provide Information in such form and manner as the Authority may reasonably require.

Part B: Availability Reports

5. The licensee must:
 - (a) from the Commercial Operations Verification Date in respect of either Unit 1 or Unit 2, whichever is earlier, monitor and assess the Availability of the Regulated Assets; and
 - (b) deliver an Availability Report in respect of each Charging Year from the Charging Year in which either Unit achieves COD to the Authority by no later than [1 November] of the immediately subsequent Charging Year.
6. Each Availability Report must be in form and substance satisfactory to the Authority and contain, as a minimum, in respect of the preceding Charging Year:
 - (a) the Actual UCF in respect of each Unit;

- (b) details, together with reasons and Supporting Information, of any period during which either Unit was not Available or otherwise failed to meet the Target UCF;
 - (c) during the Operations Phase, a comparison of Actual UCF against the relevant Target UCF;
 - (d) details, together with Supporting Information, of any Excluded Energy Losses;
 - (e) such detailed Information as is specified in Standard Condition B18 (*Generating Unit Availability*); and
 - (f) to the extent available to the licensee, the availability level achieved by other nuclear plants that use [REDACTED] technology:
 - (i) during the relevant Charging Year; and
 - (ii) during the period when such other plant had been operational for the same period as the Plant.
7. If and to the extent the Authority considers that, based on the information contained in the Availability Report, it is unable to reach any determination that it is required to make pursuant to Special Condition 55 (*Availability Incentive*), it may require the licensee to provide additional Supporting Information (having regard to the Authority's duties under the Act) within a reasonable timeframe.

Part C: Reporting obligations following an RCC Trigger Event

8. The licensee must provide the Authority with a report setting out the status of any works that have been commenced, or which are required to be undertaken, in relation to any RCC Trigger Event or Relevant Change of Circumstance (as applicable) on the date of submission of an RCC Adjustment Application and, thereafter, on the first Working Day of every quarter until such works in relation to the relevant RCC Trigger Event or Relevant Change of Circumstance (as applicable) are complete.

Special Condition 16. Business Plan Submission

Introduction

1. The purpose of this special condition is to set out the licensee's obligation to provide Business Plans to the Authority and associated requirements.

Business Plan obligations

2. The licensee must submit Business Plans to the Authority on or before:
 - (a) the Post Construction Review Start Date; and
 - (b) each subsequent Periodic Review Start Date.
3. The licensee must ensure that each Business Plan it submits is in accordance with, and contains the details required by, the current version of the Business Plan guidance published on the Authority's Website.
4. The licensee must provide such additional Supporting Information as the Authority may request to support the discharge of its functions under this licence.

Special Condition 17. Environmental Publication

Introduction

1. The purpose of this special condition is to set out the licensee's obligations to publish its Annual Environmental Publication.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the licensee's obligation to prepare and publish an Annual Environmental Publication; and
 - (b) Part B sets out the process for the Authority to publish and update Environmental Publication Guidance.

Part A: Requirement to prepare and publish an Annual Environmental Publication

3. No later than [31 July] each year on and from the Environmental Publication Trigger Date, the licensee must prepare and publish on its website an Annual Environmental Publication for the preceding Charging Year.
4. The purpose of the Annual Environmental Publication is to increase the public transparency and accountability of the licensee in relation to the impacts of its business and network activities on the environment, and in relation to the licensee's progress against its Environmental Action Plan Commitments.
5. The licensee must prepare each Annual Environmental Publication in accordance with the requirements of this licence and with the Environmental Publication Guidance published by the Authority from time to time.
6. The licensee must ensure its most recent Annual Environmental Publication is readily accessible to the public from the licensee's website.

Part B: Environmental Publication Guidance

7. The Authority will prepare and publish Environmental Publication Guidance from time to time in accordance with this Part B.
8. The Authority will issue and amend Environmental Publication Guidance by direction.
9. The Authority will publish Environmental Publication Guidance on the Authority's Website.

10. Before issuing the Environmental Publication Guidance by direction, the Authority will publish on the Authority's Website:
 - (a) the text of the proposed Environmental Publication Guidance;
 - (b) the date on which the Authority intends the Environmental Publication Guidance to come into effect; and
 - (c) a period during which representations may be made on the content of the Environmental Publication Guidance, which will not be less than 28 days.

11. Before amending the Environmental Publication Guidance by direction, the Authority will publish on the Authority's Website:
 - (a) the text of the amended Environmental Publication Guidance;
 - (b) the date on which the Authority intends the amended Environmental Publication Guidance to come into effect;
 - (c) the reasons for the amendments to the Environmental Publication Guidance; and
 - (d) a period during which representations may be made on the amendments to the Environmental Publication Guidance, which will not be less than 28 days.

Special Condition 18. Asset Management Plans

Introduction

1. The purpose of this special condition is to set out the licensee's obligations in respect of the development and amendment of the Asset Management Plans and the associated reports that the licensee must provide to the Authority.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the process for the Authority to publish and update Asset Management Plan and Reporting Guidance
 - (b) Part B sets out the licensee's obligations in respect of the Asset Management Plan and Reporting Guidance and Asset Management Plans;
 - (c) Part C provides the minimum content requirements of any Asset Management Plan; and
 - (d) Part D sets out the licensee's obligations to reserve money to fund maintenance costs.

Part A: Asset Management Plan and Reporting Guidance

3. The Authority will prepare and publish Asset Management Plan and Reporting Guidance from time to time in accordance with this Part A.
4. The Authority will issue and amend Asset Management Plan and Reporting Guidance by direction.
5. The Authority will publish Asset Management Plan and Reporting Guidance on the Authority's Website.
6. Before issuing the Asset Management Plan and Reporting Guidance by direction, the Authority will publish on the Authority's Website:
 - (a) the text of the proposed Asset Management Plan and Reporting Guidance;
 - (b) the date on which the Authority intends the Asset Management Plan and Reporting Guidance to come into effect; and
 - (c) a period during which representations may be made on the content of the Asset Management Plan and Reporting Guidance, which will not be less than 28 days.

7. Before amending the Asset Management Plan and Reporting Guidance by direction, the Authority will publish on the Authority's Website:
 - (a) the text of the amended Asset Management Plan and Reporting Guidance;
 - (b) the date on which the Authority intends the amended Asset Management Plan and Reporting Guidance to come into effect;
 - (c) the reasons for the amendments to the Asset Management Plan and Reporting Guidance; and
 - (d) a period during which representations may be made on the amendments to the Asset Management Plan and Reporting Guidance, which will not be less than 28 days.

Part B: Licensee's obligations in respect of the Asset Management Plan and Reporting Guidance and Asset Management Plans

8. The licensee must comply with its obligations under the Asset Management Plan and Reporting Guidance.
9. The Asset Management Plan and Reporting Guidance may, amongst other things, require the licensee to:
 - (a) submit (or re-submit pursuant to and in accordance with paragraph 11) Asset Management Plans to the Authority for its approval;
 - (b) provide an evaluation of its performance against the Asset Management Plan and the Asset Management Objectives;
 - (c) develop and maintain a methodology that enables the licensee to achieve and report on the Asset Management Objectives,in each case, in accordance with such provisions and timescales as are specified for that purpose in the Asset Management Plan and Reporting Guidance.
10. Amongst other things, the licensee's asset management related reporting obligations will include submitting:
 - (a) an initial Asset Management Plan, no less than five years prior to Scheduled COD Unit 1;
 - (b) an updated Asset Management Plan, no less than one year prior to Scheduled COD Unit 1 or, if earlier, at the same time as it provides its pre-commissioning safety report to the ONR;
 - (c) an updated Asset Management Plan no less than one year prior to Scheduled COD, to reflect the operation of both Units;

- (d) an updated Asset Management Plan as part of each Business Plan submission; and
 - (e) an updated or revised Asset Management Plan as and when required pursuant to the Asset Management Plan and Reporting Guidance.
11. The licensee must keep the Asset Management Plan under constant review and revise it in accordance with the Asset Management Plan and Reporting Guidance.
 12. The licensee must ensure that any updated or revised Asset Management Plan clearly identifies any changes made and a reasonable explanation for such changes, together with relevant Supporting Information.
 13. Following consideration of the licensee's submission pursuant to paragraph 10 the Authority will:
 - (a) confirm that the licensee's Asset Management Plan is accepted;
 - (b) require the licensee to revise and re-submit a valid Asset Management Plan, which addresses any issues notified to it by the Authority; or
 - (c) require further Supporting Information from the licensee to confirm whether the licensee's Asset Management Plan can be accepted.

Part C: Minimum contents of the Asset Management Plan

14. Each Asset Management Plan that the licensee delivers to the Authority must:
 - (a) meet the Asset Management Objectives;
 - (b) be consistent with the Asset Management Plan and Reporting Guidance, the Safety Case and Good Industry Practice; and
 - (c) contain, as a minimum:
 - (i) details of how the licensee will maintain the Regulated Assets for the Target Operational Life (including its Maintenance Schedule, its proposed approach to Lifecycle Replacement and any other asset replacement (including the management of Strategic Spares and obsolescence mitigation) during the remainder of the Target Operational Life); and
 - (ii) the licensee's forecast of the Maintenance Reserve Accrual Amount, in each case for each Charging Year in the applicable Control Period;

Part D: Maintenance Reserve Accrual Amounts

15. Within [5] Working Days of the start of each calendar month during the Operations Phase, the licensee must fund the Maintenance Reserve Account with the relevant Monthly Maintenance Reserve Accrual Amount.

16. The licensee is only permitted to make withdrawals from the Maintenance Reserve Account for the purpose of funding maintenance costs in respect of the Regulated Assets that are substantively equivalent to such works and services contemplated in the Asset Management Plan.
17. Any remaining balance held in the Maintenance Reserve Account at the end of the Regulatory Period will be applied as follows:
 - (a) first, to pay for any safety critical operating expenditure;
 - (b) second, to reduce any FDP Shortfall;
 - (c) third, where the assets are to be transferred pursuant to a Statutory Transfer Scheme, to be included as part of the transfer at the Secretary of State's option; and
 - (d) fourth, paid to the Revenue Collection Counterparty for onward payment back to Suppliers.

Special Condition 19. Asset condition during the Operations Phase³⁸

Introduction

1. The purpose of this special condition is to set out the licensee's obligation to continue to review and report on the Operational Life and capacity of the Regulated Assets.

Asset condition obligations

2. The licensee must use reasonable endeavours, in accordance with Good Industry Practice, to ensure:
 - (a) it maintains the Regulated Assets in a manner that enables them to meet or exceed the Target Operational Life; and
 - (b) each Unit meets (or exceeds) the Baseline Target Capacity.
3. The licensee must, subject to acting in accordance with Good Industry Practice, ensure that the Actual Capacity of each Unit (as demonstrated by the Output Testing) is no less than the Minimum Performance Target for the duration of the Target Operational Life.
4. During the Operations Phase, the licensee must:
 - (a) keep the Operational Life and the Actual Capacity of the Regulated Assets under ongoing review; and
 - (b) undertake any Asset Life Testing and other such testing and investigations as may be reasonably necessary to support the licensee's assessment of the Operational Life of the Regulated Assets in accordance with paragraph 6.
5. The licensee must conduct testing, including Asset Life Testing, at least once in each Control Period to determine whether the Regulated Assets continue to be likely to meet (or exceed) the Target Operational Life.
6. The licensee must report on the Asset Life Testing and any other tests undertaken in accordance with paragraph 5 and the outcome of such tests in its PR Business Plan.
7. The Licensee must submit its Asset Management Plan to the Authority in its PR Business Plan, and must report any material revision to this to the Authority.
8. If the Asset Life Testing demonstrates that the Regulated Assets are unlikely to meet the Target Operational Life, the licensee must submit to the Authority an Asset Life Notice setting out the revised Operational Life expectancy, together with Supporting Information and reasons for the revised assessment.

³⁸ **Note:** The condition remains subject to further review and consideration.

9. The licensee must prepare forecasting in relation to Asset Life Testing on the basis of reasonable assumptions.
10. The licensee must provide the Authority with details of the results of any Output Testing as soon as reasonably practicable following completion of such tests.
11. Where the results of the Output Testing demonstrate that there has been a variance of more than ■ between the Actual Capacity and the Baseline Target Capacity for both Units (in aggregate), the licensee must submit a Through Life Capacity Notice setting out the revised capacity, together with Supporting Information and reasons for the revised assessment.
12. Following submission of an Asset Life Notice or a Through Life Capacity Notice, the licensee must provide such Information as the Authority may reasonably request to support its review of the revised position.

Special Condition 20. Stakeholder Engagement

Introduction

1. The purpose of this special condition is to set out the licensee's obligation to publish its approach to engagement with key stakeholders.

Structure

2. This special condition is structured as follows:
 - (a) Part A sets out the requirement to prepare and publish an Annual Stakeholder Engagement Publication; and
 - (b) Part B sets out the process for the Authority to modify the Stakeholder Engagement Publication Guidance.

Part A: Requirement to prepare and publish an Annual Stakeholder Engagement Publication

3. No later than [31 July] in each year on and from the Second Charging Year following the Licence Modification Date, the licensee must prepare and publish on its website an Annual Stakeholder Engagement Publication for the preceding Charging Year.
4. The purpose of the Annual Stakeholder Engagement Publication is to increase the public transparency and accountability of the licensee in relation to its engagement with its stakeholders. Such stakeholders may include the Authority, the Secretary of State, the ONR, the relevant Environment Agency, Suppliers, the ESO, consumer representative groups such as Citizens Advice or Consumer Scotland as the case may be, relevant local authorities and any other relevant stakeholders in respect of any consents required for the Regulated Business.
5. The licensee must prepare the Annual Stakeholder Engagement Publication in accordance with the requirements of this licence and with the Stakeholder Engagement Publication Guidance published by the Authority from time to time.
6. The licensee must ensure its Annual Stakeholder Engagement Publication is readily accessible to the public from the licensee's website.

Part B: Stakeholder Engagement Publication Guidance

7. The Authority will prepare and publish Stakeholder Engagement Publication Guidance from time to time in accordance with this Part B.
8. The Authority will issue and amend Stakeholder Engagement Publication Guidance by direction.
9. The Authority will publish Stakeholder Engagement Publication Guidance on the Authority's Website.

10. The Stakeholder Engagement Publication Guidance will set out how the licensee must prepare its Annual Stakeholder Engagement Publication, and may include the following:
 - (a) the format, structure and level of detail to be included in the Annual Stakeholder Engagement Publication, as well as expectations about the level of explanatory text to be included;
 - (b) the activity areas to be covered by, and the type of information and evidence to be included in, the Annual Stakeholder Engagement Publication; and
 - (c) any other matters relating to the administration and governance of the licensee's stakeholder engagement that appear to the Authority to be appropriate.
11. Before issuing the Stakeholder Engagement Publication Guidance by direction, the Authority will publish on the Authority's Website:
 - (a) the text of the proposed Stakeholder Engagement Publication Guidance;
 - (b) the date on which the Authority intends the Stakeholder Engagement Publication Guidance to come into effect; and
 - (c) a period during which representations may be made on the content of the Stakeholder Engagement Publication Guidance, which will not be less than 28 days.
12. Before amending the Stakeholder Engagement Publication Guidance by direction, the Authority will publish on the Authority's Website:
 - (a) the text of the amended Stakeholder Engagement Publication Guidance;
 - (b) the date on which the Authority intends the amended Stakeholder Engagement Publication Guidance to come into effect;
 - (c) the reasons for the amendments to the Stakeholder Engagement Publication Guidance; and
 - (d) a period during which representations may be made on the amendments to the Stakeholder Engagement Publication Guidance, which will not be less than 28 days.

Special Condition 21. Regulatory Instructions and Guidance (RIGs)

Introduction

1. This special condition sets out the scope, contents, and common arrangements for the RIGs published by the Authority pursuant to this special condition.
2. The RIGs are the primary means by which the Authority directs the licensee to collect and provide to it the information that the Authority needs to administer the special conditions (and such standard conditions as may be relevant) of this licence.

Structure of this special condition

3. This special condition is structured as follows:
 - (a) Part A sets out the licensee's obligations in relation to the RIGs;
 - (b) Part B sets out what the RIGs will cover;
 - (c) Part C sets out the process for issuing and amending the RIGs;
 - (d) Part D sets out provisions in relation to provision of new or more detailed information;
 - (e) Part E sets out the obligations on the licensee in relation to complying with the provisions of the RIGs; and
 - (f) Part F provides that the Authority may give derogations from the requirements of this special condition to the licensee.

Part A: Licensee's obligations under this special condition

4. Unless and so far as the Authority otherwise consents, the licensee must:
 - (a) measure and record or, where permitted in the RIGs, estimate the Specified Information;
 - (b) provide such information to the Authority in respect of such periods and within such timeframes as are specified in the RIGs; and
 - (c) have in place and maintain appropriate systems, processes, and procedures to enable it to carry out its obligations in sub-paragraphs (a) and (b).
5. To facilitate compliance with paragraph 4, the accounting records and other records kept by the licensee with respect to the Specified Information must:
 - (a) be so arranged as to ensure that such information can be separately identified and reasonably attributed as between the licensee's business and the business of any Associate; and
 - (b) be maintained from the date that they are made:

- (i) for Pre-PCR Phase related documents, until the expiry of [6] years following the PCR Determination; and
 - (ii) in respect of all other documentation, until the expiry of [6] years following the next PR Determination,
- or such shorter period as may be set out in the RIGs.
6. The licensee must take all reasonable steps to validate and check that the Specified Information is complete, reliable and meets the standards prescribed by the RIGs.
 7. The licensee must, on or before each submission date, write to the Authority to confirm that, in its opinion, the Specified Information in respect of each Charging Year meets the standards prescribed by the RIGs.

Part B: Scope and content of the RIGs

8. Subject to paragraph 9, the matters that may be included, or for which provision may be made, in the RIGs are:
 - (a) instructions and guidance on the establishment of systems, processes, procedures, and ways for recording and providing Specified Information;
 - (b) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of Specified Information (including different classes of such information);
 - (c) a timetable for the development of such systems, processes and procedures as are required to achieve such standards;
 - (d) instructions on when the licensee must at its own expense enter into a contract of appointment with an Appropriate Auditor, and on compliance with the Agreed Upon Procedures;
 - (e) the methodology for calculating or deriving numbers comprising Specified Information;
 - (f) provision with respect to the meaning of words and phrases used in defining Specified Information;
 - (g) requirements as to the form and manner in which, or the frequency with which, Specified Information must be recorded;
 - (h) requirements as to the form and manner in which, or the frequency with which, Specified Information must be provided to the Authority; and
 - (i) explanation of why the Specified Information is required for the purposes of the RIGs.
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9. No Specified Information may exceed what could be requested from the licensee by the Authority under paragraph 1 of Standard Condition B13 (*Provision of Information to the Authority*).

Part C: The process to issue and modify the RIGs

10. The Authority will issue and amend the RIGs by direction.
11. Before issuing new RIGs or amending the RIGs, the Authority will send to the licensee and publish on the Authority's Website:
 - (a) the text of the new or amended RIGs;
 - (b) the date on which the Authority intends the new or amended RIGs to come into effect;
 - (c) the reasons for the new or amended RIGs; and
 - (d) a period during which representations may be made on the content of the new or amended RIGs, which will not be less than 28 days.
12. The Authority will:
 - (a) publish the RIGs on the Authority's Website; and
 - (b) ensure that any amendments to the RIGs are promptly incorporated into a consolidated version maintained on the Authority's Website

Part D: Requirements for new or more detailed information

13. This Part D applies if any modified or new RIGs have the effect of introducing a requirement to provide:
 - (a) a new category of Specified Information; or
 - (b) an existing category of Specified Information to a greater level of detail, and such category of Specified Information has not previously been collected by the licensee, whether under the provisions of the RIGs or otherwise.
14. Where this Part D applies, the licensee may provide estimates to the Authority in respect of the relevant category of Specified Information for any Charging Year specified by the Authority.
15. The estimates that are mentioned in paragraph 14 may be derived from such other information available to the licensee as may be appropriate for that purpose.

Part E: Compliance with the provisions of the RIGs

16. The licensee must at all times comply with the provisions of the RIGs for the time being in force pursuant to this condition.

17. Nothing in this condition requires the licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

Part F: Derogations

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

Special Condition 22. Confidential Information

Introduction

1. The purpose of this special condition is to set out the circumstances where the licensee may disclose Confidential Information.

Structure of this Special Condition

2. This special condition is structured as follows:
 - (a) Part A sets out how Confidential Information must be treated; and
 - (b) Part B provides the circumstances in which the licensee may disclose Confidential Information.

Part A: Requirements for the treatment of Confidential Information

3. The licensee (including its Associates) must not disclose or authorise access to Confidential Information except as provided for in Part B.

Part B: Circumstances under which the licensee can disclose Confidential Information

4. Provided that the licensee is not otherwise restricted from disclosing or authorising access to Confidential Information under the Nuclear Industries Security Regulations 2003, the ONR's Security Assessment Principles or any other relevant Legal Requirement, the licensee (including its Associates) may disclose or authorise access to Confidential Information insofar as is necessary or appropriate in circumstances where:
 - (a) the information is only to be used for the purpose of the Regulated Business of the licensee, and effective arrangements are in place for ensuring no further disclosure for any other purpose occurs;
 - (b) disclosure of the information is:
 - (i) required or requested by any Competent Authority;
 - (ii) required by the standard conditions of any licence granted or taking effect as if granted under the Act or any document referred to in such a licence with which the licensee is required by virtue of the Act or that licence to comply;
 - (iii) required by any court or tribunal order within a competent jurisdiction;
 - (iv) required in accordance with the performance of a statutory function;or

- (v) required by the rules of the Electricity Arbitration Association or another arbitral body;
- (c) the licensee has been notified by the person who provided the information or by all persons to whom it relates that the information need not be treated as confidential; or
- (d) the Authority has given its consent to the disclosure of such Confidential Information.

Special Condition 23. Data Assurance

Introduction

1. This special condition requires the licensee to undertake processes and Data Assurance Activities for the purpose of reducing the risk, and subsequent impact and consequences, of any inaccurate or incomplete reporting, or any misreporting, of information to the Authority.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the licensee's obligations in respect of the Data Assurance Guidance;
 - (b) Part B sets out what the Data Assurance Guidance will cover;
 - (c) Part C sets out the process for issuing and amending the Data Assurance Guidance;
 - (d) Part D details the licensee's obligation to carry out Data Assurance Activity; and
 - (e) Part E provides that the Authority may give derogations from the obligations under this special condition to the licensee.

Part A: Licensee's obligations under this special condition

3. The licensee must:
 - (a) comply with the provisions of the Data Assurance Guidance;
 - (b) carry out a Risk Assessment in accordance with such provisions and timescales as are specified for that purpose in the Data Assurance Guidance, and ensure that it has used its best endeavours, in accordance with the Data Assurance Guidance, to manage such risks as it has identified in that assessment;
 - (c) if directed by the Authority, procure an independent review of its Data Assurance Activities in accordance with such provisions and timescales as are specified for that purpose in the Data Assurance Guidance; and
 - (d) provide to the Authority, in accordance with such provisions and timescales as are specified for that purpose in the Data Assurance Guidance, reports that contain:
 - (i) the results of the licensee's Risk Assessment;

- (ii) a description of the Data Assurance Activities that the licensee intends to undertake concerning expected future Data submissions for the relevant reporting period set out in the Data Assurance Guidance;
 - (iii) a description of the Data Assurance Activities undertaken by the licensee concerning previously submitted Data for the relevant reporting period set out in the Data Assurance Guidance; and
 - (iv) if required, the details and results of any independent review procured by the licensee of its Data Assurance Activities.
4. The licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to perform its obligations under paragraph 3.
 5. The licensee must comply with any direction given by the Authority that requires it to carry out (or, where appropriate, to procure and facilitate the carrying out of) a specific Data Assurance Activity in accordance with the provisions of Part D.

Part B: Scope and contents of the Data Assurance Guidance

6. The purpose of the Data Assurance Guidance is to establish a framework of processes and practices by which the licensee must comply with its obligations as set out in sub-paragraphs 3(b) to (d).
7. Subject to paragraphs 9 and 10, the Data Assurance Guidance may include, or make provision for, any of the following matters:
 - (a) the Data to which the Risk Assessment applies;
 - (b) the format of the Risk Assessment;
 - (c) the frequency with which, and the timescales within which, the Risk Assessment is required to be carried out;
 - (d) the format of any independent review that the Authority may require the licensee to procure of its Data Assurance Activities and the associated reporting requirements;
 - (e) the format of the reporting requirements detailed in paragraph 3(d);
 - (f) the frequency with which, and the timescales within which, the licensee must report on its Data Assurance Activities to the Authority; and
 - (g) the time period(s) to which required reports relate.
8. Reference in paragraph 7 to the format of an assessment, review, or reporting requirement includes reference to its form, layout, scope and content.
9. The provisions of the Data Assurance Guidance will not exceed what is required to achieve the purposes of this special condition, having regard to the materiality of the

costs likely to be incurred by the licensee in complying with those provisions and the impact on consumers of Data reporting errors.

10. Nothing in this special condition requires the licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

Part C: The process to issue and modify the Data Assurance Guidance

11. The Authority will issue and amend the Data Assurance Guidance by direction.
12. Before issuing or amending the Data Assurance Guidance the Authority will send to the licensee and publish on the Authority's Website:
 - (a) the text of the new or amended Data Assurance Guidance;
 - (b) the date on which the Authority intends the new or amended Data Assurance Guidance to come into effect;
 - (c) the reasons for the new or amended Data Assurance Guidance; and
 - (d) a period during which representations may be made on the content of the new or amended Data Assurance Guidance, which will not be less than 28 days.
13. The Authority will:
 - (a) publish the Data Assurance Guidance on the Authority's Website; and
 - (b) ensure that any amendments to the Data Assurance Guidance are promptly incorporated into a consolidated version maintained on the Authority's Website.

Part D: Authority's power to specify Data Assurance Activity

14. The licensee must comply with any direction by the Authority requiring the licensee to carry out (or, where appropriate, to procure and facilitate the carrying out of) such Data Assurance Activity as may be specified in the direction.
15. Before issuing a direction under paragraph 14 the Authority will publish on the Authority's Website:
 - (a) the text of the proposed direction;
 - (b) the date on which the Authority intends the direction to come into effect;
 - (c) the reasons why it proposes to issue the direction; and
 - (d) a period during which representations may be made on the proposed directions which will not be less than 28 days.

16. The direction will:
 - (a) contain a description of the Data Assurance Activity to be carried out by the licensee (or, where appropriate, by a person nominated by the Authority) for the purpose of assuring the accuracy and completeness of Data provided to the Authority;
 - (b) if it refers to a person nominated by the Authority, specify the steps that must be taken by the licensee to procure and facilitate the carrying out of that activity by that person;
 - (c) contain a description of the Data to which the activity that is described in the direction must apply;
 - (d) contain an explanation of why the Authority requires the licensee to carry out that activity;
 - (e) specify any relevant dates by which that activity must be completed; and
 - (f) specify the form and content of any information relating to that activity that the licensee must provide to the Authority.
 17. The Authority may, following the submission of Data, appoint or nominate an Examiner to undertake a review of such Data or the systems or processes used to generate it.
 18. Subject to paragraph 21, the licensee must cooperate fully with an Examiner so as to enable them to carry out, complete, and report to the Authority on any review or examination specified by the Authority.
 19. The licensee's obligation to cooperate fully with an Examiner under paragraph 18 includes an obligation to ensure, so far as it can, that the following persons also cooperate fully with that Examiner:
 - (a) any Associate;
 - (b) any person from whom the licensee procures reporting services or who measures and records Data on behalf of the licensee; and
 - (c) any auditor of such person, or of the licensee, or of any Associate.
 20. The licensee's obligation under paragraphs 18 and 19 to cooperate or ensure cooperation with an Examiner includes, so far as may be necessary or expedient for such purpose, and in each case subject to reasonable notice to the licensee:
 - (a) providing access to management, employees, agents, or independent contractors of the licensee sufficient to enable the Examiner to make any enquiries and to discuss any matters that they reasonably consider to be relevant to the carrying out of the examination;
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- (b) giving the Examiner access at reasonable hours to any premises occupied by the licensee or by any other person in performing the obligations set out in this special condition; and
 - (c) allowing the Examiner at reasonable hours:
 - (i) to inspect and make copies of, and take extracts from, any documents and records of the licensee maintained in relation to the Data (other than information that is subject to legal privilege);
 - (ii) to carry out inspections, measurements, and tests on or in relation to any systems maintained and operated for or in relation to the Data; and
 - (iii) to take onto such premises or onto or into any assets used for the purposes of the licensee such other persons and such equipment as may be necessary or expedient for the purpose of carrying out the examination.
21. The licensee is not required to perform its obligations in relation to an Examiner and their functions unless the Examiner has entered into an agreement with the licensee to maintain confidentiality on reasonable terms.

Part E: Derogations

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

Chapter 4 Revenue Stream

Special Condition 24. Allowed Revenue

Introduction

1. The purpose of this special condition is to set out general provisions regarding the calculation and notification of the Allowed Revenue.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out some general requirements regarding the calculation and notification of the Allowed Revenue;
 - (b) Part B outlines the approach to the use of forecast data when calculating the Allowed Revenue and how this will be reconciled to actual data once this becomes available.

Part A: Allowed Revenue

3. The licensee's maximum revenue entitlement in any Charging Year, whether from Difference Payments, any market source or otherwise is capped at the Allowed Revenue for the relevant Charging Year.
4. The Allowed Revenue for the First Charging Year will be notified to the licensee by the Authority.
5. The Allowed Revenue for any Charging Year will be calculated as follows:
 - (a) for any Charging Year (in whole or part) that falls during the Pre-PCR Phase (other than the First Charging Year), in accordance with Special Condition 30 (*Allowed Revenue during the Pre-PCR Phase*); and
 - (b) for any Charging Year (in whole or part) which falls during the Operations Phase, in accordance with Special Condition 47 (*Allowed Revenue during the Operations Phase*).
6. Unless expressly provided otherwise, any adjustment or reconciliation of a building block used in the calculation of the Allowed Revenue in any Charging Year_t in a subsequent Charging Year will be decided in accordance with the methodology for the relevant Phase that would have applied in respect of the relevant building block in Charging Year_t, notwithstanding that the Allowed Revenue for the Charging Year in which such adjustment or reconciliation is to be applied may be decided in accordance with a different Phase.

7. The licensee must, when calculating the value of the Allowed Revenue, use the latest versions of the Price Control Financial Model and the Price Control Financial Handbook published by the Authority under Special Condition 26 (*Price Control Financial Model*).
8. In respect of each Charging Year_t, the licensee must provide its calculation of the Allowed Revenue for that Charging Year to the Authority in Charging Year_{t-1} in accordance with the requirements set out in the latest published version of the RIGs.
9. Provided that the licensee has complied with its obligations to deliver:
 - (a) information to the Authority in accordance with the RIGs; and
 - (b) any Supporting Information requested by the Authority in accordance with this licence,in Charging Year_{t-1}, the Authority will notify the licensee of the Allowed Revenue for Charging Year_t by no later than [15 February] of the relevant Charging Year_{t-1}.

Part B: Allowed Revenue during the Pre-PCR Phase

10. In calculating the value of the Allowed Revenue in accordance with the provisions set out in this special condition, Special Condition 30 (*Allowed Revenue during the Pre-PCR Phase*) and Special Condition 47 (*Allowed Revenue during the Operations Phase*), the Authority will rely on input data provided by the licensee for individual components of the calculation.
11. Where possible, values provided by the licensee should reflect actuals but, where actual data is not available at the time of submission, the licensee should provide a provisional value either:
 - (a) if applicable, in accordance with the approach specified in the PCFM Handbook; or
 - (b) if the PCFM Handbook does not apply, the licensee's best estimate on the basis of the information available at the time.
12. Any values provided on a provisional basis must be updated by the licensee in the next Charging Year. Such updates will be reflected in calculating the value of the Allowed Revenue in accordance with the K-factor true-up process described in Part B (*K-factor true up*) of Special Condition 30 or Part B (*K-factor true up*) of Special Condition 47, as applicable.

Special Condition 25. Difference Payments

Introduction

1. The purpose of this special condition is to set out the information to be provided to the Revenue Collection Counterparty for the purposes of calculating the Difference Payment amounts due to or from the licensee (on a forecast basis) in each Charging Year during the Initial Regulatory Period in accordance with the Revenue Collection Contract.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out how the licensee must treat its revenues and the obligations it has to optimise revenues;
 - (b) Part B sets out the data the Authority will provide to the Revenue Collection Counterparty to facilitate calculation of the Difference Payments in each Charging Year;
 - (c) Part C sets out the licensee's obligations to provide forecasts;
 - (d) Part D sets out the Authority's approval of the licensee's forecasts; and
 - (e) Part E sets out the requirement to provide additional information to the Authority.

Part A: Treatment of revenues and optimising market revenues

3. Throughout the Initial Regulatory Period, the licensee must ensure that any and all Forecast Supplemental Revenue it expects to receive, any Forecast Electrical Output it reasonably expects to generate, in Charging Year_{*t*} (or part thereof) are, subject to paragraph 4, notified to the Authority in Charging Year_{*t-1*}.
4. Where the Actual Market Revenue in any Charging Year_{*t-2*} (or part thereof) when aggregated with the total Difference Payments that the licensee actually received or paid in that Charging Year_{*t-2*}, is less than or greater than the Allowed Revenue for that Charging Year_{*t-2*}, the Allowed Revenue for Charging Year_{*t*} will be subject to an adjustment represented by the K-factor as part of the Allowed Revenue calculation in subsequent years.
5. The licensee must use reasonable endeavours (subject to any safety constraints in respect of the operation of the Regulated Assets) to optimise its market revenues from the following sources:
 - (a) electricity generated or capable of being generated by either Unit;

- (b) other available market sources, including ancillary services provided to any party; and
 - (c) other income from the sale of any by-products such as heat.
6. The licensee must report to the Authority on the steps it has taken to efficiently optimise revenues pursuant to paragraph 5 as required pursuant to the RIGs.
 7. The licensee must not perform any of its obligations under paragraph 5 in a manner that results in, or is reasonably likely to result in, the distortion of any relevant market in which the licensee is operating or is seeking to operate.

Part B: Calculation of Difference Payments

8. Difference Payments are payable in accordance with the terms of the Revenue Collection Contract from the Licence Modification Date until the expiry of the Initial Regulatory Period.
9. For any Charging Year up to and including the Charging Year ending on [31 March] following the Commercial Operations Date, the forecast electricity revenue will be equal to zero.
10. The aggregate Difference Payment amount for the First Charging Year will be equal to the Allowed Revenue for the First Charging Year.
11. From the Second Charging Year onwards, for each Charging Year in which Forecast Electrical Output is zero, the aggregate Difference Payment amount for the relevant Charging Year will be equal to the Revenue Amount before Power.
12. Save where paragraph 17 of Special Condition 56 (*Revenue Support*) applies, the Revenue Amount before Power will be calculated in Charging Year_{t-1} in accordance with the following formula:

$$RABP_t = AR_t - FSR_t$$

Where:

Term	Description	Price Base
RABP _t	means the Revenue Amount before Power for the forthcoming Charging Year _t	[£ nominal]
AR _t	means the Allowed Revenue for the forthcoming Charging Year _t	[£ nominal]
FSR _t	means the Forecast Supplemental Revenue for the forthcoming Charging Year _t , determined by the Authority in accordance with Part D	[£ nominal]

13. For each Charging Year where Forecast Electrical Output is zero, the Authority will inform the Revenue Collection Counterparty of the Revenue Amount before Power by no later than [15 February] of Charging Year_{*t-1*}.
14. For each Charging Year following the Commercial Operations Date³⁹ where Forecast Electrical Output is greater than zero:
 - (a) the value of the Difference Payments will be calculated by the Revenue Collection Counterparty in accordance with the terms of the Revenue Collection Contract and on the basis of information provided to it in accordance with sub-paragraph (b);
 - (b) the Authority will notify the licensee and the Revenue Collection Counterparty, by no later than [15 February] of Charging Year_{*t-1*}, of:
 - (i) the Revenue Amount before Power amount for Charging Year_{*t*}; and
 - (ii) the Forecast Electrical Output for each Relevant Reference Price Period in Charging Year_{*t*}.
15. The licensee must ensure that it provides the Authority with sufficient Supporting Information to ensure that Difference Payments can be accurately calculated so as to avoid any double counting of amounts paid or received by the licensee.
16. If the Authority approves an application from the licensee to receive in-year Revenue Support in accordance with Special Condition 56, the Authority will:
 - (a) recalculate the Allowed Revenue for that Charging Year in accordance with paragraph 17 of Special Condition 56; and
 - (b) provide a revised Revenue Amount before Power amount and Forecast Electrical Output number to the Revenue Collection Counterparty to facilitate a revised calculation of the Difference Payments for the remainder of the relevant Charging Year, as further set out in Special Condition 56.

Part C: Licensee's obligations to provide forecasts

17. The licensee must submit to the Authority an accurate and realistic estimate of its:
 - (a) Forecast Electrical Output; and
 - (b) Forecast Supplemental Revenue,

in each case, for Charging Year_{*t*} by [[10] November] of Charging Year_{*t-1*}, based on reasonable assumptions and having regard to its obligations pursuant to this licence including Special Condition 23 (*Data Assurance*).

³⁹ **Note:** Subject to further consideration of SZC's ability to forecast revenues prior to the PCR and providing it with sufficient liquidity during this period.

18. The licensee's submission pursuant to paragraph 17 must be accompanied by sufficiently detailed evidence to enable the Authority to reasonably assess and validate the licensee's forecasts, including:
 - (a) the methodology the licensee used to calculate the Forecast Supplemental Revenue;
 - (b) the assumptions underlying its estimate of the Forecast Electrical Output; and
 - (c) a justification for each assumption, demonstrating its reasonableness.

Part D: Authority's approval of the licensee's forecasts

19. The Authority will decide whether or not to approve the licensee's estimate of its Forecast Electrical Output and Forecast Supplemental Revenue having regard to the Supporting Information provided by the licensee pursuant to this licence, including the information provided under Part C and the estimates provided by the licensee in accordance with the RIGs.
20. The Authority will provide the licensee with its determination, along with reasons for any variations to the calculation submitted by the licensee, at the same time as it notifies the licensee of the Revenue Amount before Power and, if applicable, Forecast Electrical Output.

Part E: Provision of additional information

21. The Authority may request that the licensee provide such Supporting Information as the Authority considers appropriate to facilitate its assessment and determination of the Forecast Electrical Output and Forecast Supplemental Revenue.
22. The licensee must provide any requested information to the Authority within [10] Working Days of the request, unless the Authority agrees a different timeframe with the licensee.

Special Condition 26. Price Control Financial Model

Introduction

1. The purpose of this special condition is to set out the governance provisions for the licensee's Price Control Financial Model, including the process for introducing amendments.

Structure of this special condition

2. The structure of this special condition is as follows:
 - (a) Part A sets out the general governance provisions;
 - (b) Part B sets out the process for modifying the Price Control Financial Model;
 - (c) Part C provides details of Licence Adjustment Events;
 - (d) Part D sets out the process for modifying the Price Control Financial Guidance and the Price Control Financial Handbook;
 - (e) Part E sets out how conflicts between the licence and the Price Control Financial Model will be addressed; and
 - (f) Part F sets out the requirements in relation to the publication of the Price Control Financial Instruments.

Part A: General governance provisions

3. The purpose of the Price Control Financial Model is to facilitate the Authority setting the Allowed Revenue for each Charging Year.
4. The Price Control Financial Model forms part of this licence.
5. The Price Control Financial Model will be owned and operated by the Authority.
6. The Price Control Financial Model will:
 - (a) be in a digital format;
 - (b) show or permit to be derived the licensee's:
 - (i) Regulated Asset Base value(s);
 - (ii) cashflows, including all expenditure, revenues, financing and taxation of the Project; and
 - (iii) profit and loss and balance sheets,in each case, throughout the Regulatory Period.

7. The Price Control Financial Model will be prepared and maintained on a basis that is consistent with the Price Control Financial Handbook and the Price Control Financial Guidance.
8. The licensee must comply with the Price Control Financial Guidance when completing the Annual Revenue Setting Process.

Part B: Modification of the Price Control Financial Model

9. The Price Control Financial Model may only be modified by the Authority in accordance with the provisions of this Part B.
10. The Authority may direct the following changes to the Price Control Financial Model:
 - (a) entering a PCFM Variable Value as part of the Annual Revenue Setting Process;
 - (b) changing the filename of the spreadsheet containing the Price Control Financial Model;
 - (c) changing the “publication date” on the “cover” sheet of the Price Control Financial Model;
 - (d) to correct a manifest error;
 - (e) to revise the formatting, such as re-numbering of paragraphs, capitalising defined terms, cell labelling, re-naming or re-ordering of sections or worksheets;
 - (f) where the Authority considers any such modification is necessary to correct an error of functionality discovered within the Price Control Financial Model;
 - (g) deleting irrelevant material, such as transitional provisions that have expired;
 - (h) updates, such as to dates, version numbers of documents, titles of re-enacted legislation and re-named bodies.
11. Changes to the Price Control Financial Model that fall within paragraph 10 do not constitute a modification that can be challenged before the CMA.
12. Other than those modifications that fall within paragraph 10, modifications to the Price Control Financial Model constitute determinations by the Authority that may be referred to the CMA on an appeal in accordance with Special Condition 11 (*References to the Competition and Markets Authority*).

13. Before issuing any direction under this Part B, the Authority will:
 - (a) give notice to the licensee stating that it proposes to modify the Price Control Financial Model:
 - (i) specifying the date on which it proposes that the provisions of the modified Price Control Financial Model should take effect;
 - (ii) setting out the text of the modified Price Control Financial Model and the Authority's reasons for the proposed modifications;
 - (iii) specifying the time (which must not be less than a period of [28] days from the date of the notice) within which representations may be made;
 - (b) consider any representations, by any relevant stakeholder, in response to a notice that is duly made and not withdrawn; and
 - (c) publish any notice issued under this paragraph 13 on the Authority's Website.
14. A direction under this Part B will set out:
 - (a) the modifications to the Price Control Financial Model; and
 - (b) the date from which such modifications will have effect.
15. Where the Authority and the licensee agree that the modification to the Price Control Financial Model specified in paragraph 10 is immaterial or to correct a manifest error, then the Authority may, without following the process described in paragraph 13, modify the Price Control Financial Model after a bilateral consultation with the licensee.
16. Modifications that serve to correct a manifest error are assumed to have no impact on the licensee's Allowed Revenue.

Part C: Licence Adjustment Events

17. Where applicable, the licensee must notify the Authority of the occurrence of a Licence Adjustment Event that falls within paragraph (f) of the definition of Licence Adjustment Event, together with such Supporting Information as may be required for the Authority to verify such event and determine the modifications set out in paragraph 18.
18. Once the Authority has verified the Licence Adjustment Event, it will modify the Price Control Financial Model to reflect:
 - (a) the cumulative impact of any prior Licence Adjustment Event on the Lower Regulatory Threshold, the Higher Regulatory Threshold, the Opex Pre-PCR

Allowance and Price Control Financial Model applicable immediately prior to the relevant adjustment; and

- (b) the impact of the Licence Adjustment Event in respect of which such adjustment is being undertaken.

Part D: Modifications to the Price Control Financial Guidance and Price Control Financial Handbook

- 19. Any modification by the Authority to the Price Control Financial Guidance will be by direction.
- 20. Before amending the Price Control Financial Guidance or Price Control Financial Handbook by direction, the Authority will publish on the Authority's Website:
 - (a) the text of the amended Price Control Financial Guidance or Price Control Financial Handbook;
 - (b) the date on which the Authority intends the amendments to come into effect;
 - (c) the reasons for the amendments; and
 - (d) a period during which representations may be made on the amendments, which will not be less than 28 days.

Part E: Conflicts between licence and the Price Control Financial Model

- 21. In the event of any conflict between the provisions of this licence and the Price Control Financial Model, the provisions of this licence will prevail.
- 22. If the licensee becomes aware of any conflict between the provisions of this licence and the Price Control Financial Model, the licensee must notify the Authority of such conflict as soon as reasonably practicable.
- 23. Where the Authority identifies a conflict between the provisions of this licence and the Price Control Financial Model or is notified of any such conflict by the licensee in accordance with paragraph 22, the Authority may take such actions as it considers appropriate to resolve such conflict, including:
 - (a) directing amendments to the provisions of this licence in accordance with the relevant statutory licence modification process pursuant to the Act; or
 - (b) directing amendments to the Price Control Financial Model in accordance with the provisions of Part B.

Part F: Publication of the Price Control Financial Instruments

- 24. The Authority will publish up to date copies of the Price Control Financial Instruments on the Authority's Website, having first made any redactions that the

Authority or the licensee reasonably identify as being necessary to protect commercially sensitive information.

25. Following each Annual Revenue Setting Process, the Authority will publish a consolidated version of the Price Control Financial Model containing the updated value of the licensee's Allowed Revenue on the Authority's Website.
26. The Authority will ensure that, as soon as reasonably practicable, any modifications to the Price Control Financial Instruments are incorporated into a consolidated version of the Price Control Financial Instruments maintained on the Authority's Website.
27. The Authority will share a copy of the current Price Control Financial Instruments, including any modifications, with the Secretary of State.

PART II. PRE-PCR PHASE

Chapter 5 Regulated Asset Base

Special Condition 27. Valuation of the Regulated Asset Base during the Pre-PCR Phase

Introduction

1. The purpose of this special condition is to set out how the value of the Opening RAB and Closing RAB will be determined on an annual basis during the Pre-PCR Phase.
2. It also sets out how the Authority will determine the Authority Stated RAB value which is required by the Secretary of State for the purposes of administering the Government Support Package.

Structure of this special condition

3. This special condition is structured as follows:
 - (a) Part A outlines some principles for calculating the Regulated Asset Base to derive a value which is as accurate as practically possible and how this will be updated for more accurate data once available;
 - (b) Part B provides an overview of the process and timing for calculating the Regulated Asset Base during the Pre-PCR Phase;
 - (c) Part C establishes the calculation of (among others) the Opening RAB, the Closing RAB, the Present Value Closing RAB and the Average Present Value RAB for each Charging Year during the Pre-PCR Phase;
 - (d) Part D establishes the RAB valuations to be calculated by the Authority and provided to the Secretary of State for the purposes of the Government Support Package;
 - (e) Part E establishes the calculation of the RAB Addition for each Charging Year during the Pre-PCR Phase;
 - (f) Part F sets out how capex incurred below the Higher Regulatory Threshold will be logged to the RAB; and
 - (g) Part G sets out how capex incurred above the Higher Regulatory Threshold will be logged to the RAB.

Part A: Regulated Asset Base during the Pre-PCR Phase

4. In calculating the value of the Regulated Asset Base in accordance with the provisions set out in this special condition, the Authority will rely on input data provided by the licensee for individual components the calculation.

5. Where possible, values provided by the licensee should reflect actuals but where this is not available at the time of submission, the licensee should provide a provisional value either:
 - (a) if applicable, in accordance with the approach specified in the PCFM Handbook; or
 - (b) if the PCFM Handbook does not apply, the licensee's best estimate on the basis of the information available at the time.
6. Any values provided on a provisional basis must be updated by the licensee in the next Charging Year. Such updates will be reflected in the calculating the value of the Regulated Asset Base in accordance with the provisions set out in this special condition when these are next re-run.
7. Revisions to provisional values will also be reflected in the Allowed Revenue through the true-up process of Calculated Revenue (R_t) and therefore K_t (in accordance with Special Condition 30 (*Allowed Revenue during the Pre-PCR Phase*)).

Part B: Regulated Asset Base during the Pre-PCR Phase

8. The value of the Day-1 RAB will be notified to the licensee by the Authority.
9. On or before [1 November] in each Charging Year from the Second Charging Year for the duration of the Pre-PCR Phase, the Opening RAB and Closing RAB will be calculated in accordance with paragraphs 11 and 12 of Part C respectively, save that the PCR-RAB will be calculated in accordance with paragraph 13].

Part C: Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase

10. The Opening RAB for the First Charging Year is the Day-1 RAB.
11. The Opening RAB for each Charging Year $_t$, starting from the Second Charging Year in the Pre-PCR Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$ORAB_{t_{real}} = CRAB_{t-1}$$

Where:

Term	Description	Price Base
$ORAB_{t_{real}}$	means the Opening RAB, as 1 April in Charging Year $_t$	£ real (Base Year)
$CRAB_{t-1}$	means the Closing RAB for Charging Year $_{t-1}$	£ real (Base Year)

12. The Closing RAB for each Charging Year_t in the Pre-PCR Phase (excluding the Charging Year in which the Authority issues its PCR Determination) will be calculated in real (Base Year) prices in accordance with the following formula:

$$CRAB_{t_{real}} = RAB_{Day1} + \left[\sum_{n=1}^t RA_n \right] + \left[\sum_{n=1}^t CI_{n_{real,CPIH}} \right]$$

Where:

Term	Description	Price Base
$CRAB_{t_{real}}$	means the Closing RAB, as at 31 March in Charging Year _t	£ real (Base Year)
RAB_{Day1}	means the Day-1 RAB	£ real (Base Year)
RA_n	means, for each Charging Year _n , the RAB Addition for that Charging Year calculated in accordance with Part E	£ real (Base Year)
$CI_{n_{real,CPIH}}$	means for each Charging Year _n where the Capex Incentive applies, the Capex Incentive for that Charging Year, calculated in accordance with Part D (<i>Calculation of the Capex Incentive</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)	£ real (Base Year)

13. The Closing RAB for the Charging Year in which the Authority issues its PCR Determination (being the PCR-RAB) will be calculated in real (Base Year) prices in accordance with the following formula:

$$CRAB_{PCR_{real}} = RAB_{Day1} + \left[\sum_{n=1}^{PCR} RA_n \right] + \left[\sum_{n=1}^{PCR} CI_{n_{real,CPIH}} \right] + RCI_{PCR_{real}}$$

Where:

Term	Description	Price Base
$CRAB_{PCR_{real}}$	means the Regulated Asset Base as at [31 March] in the Charging Year in which the Authority issues its PCR Determination	£ real (Base Year)
RAB_{Day1}	means the Day-1 RAB	£ real (Base Year)

RA_n	means, for each Charging Year $_n$, the RAB Addition for that Charging Year calculated in accordance with Part E	£ real (Base Year)
$CI_{n_{real,CPIH}}$	means for each Charging Year $_n$ where the Capex Incentive applies, the Capex Incentive for that Charging Year, calculated in accordance with Part D (<i>Calculation of the Capex Incentive</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)	£ real (Base Year)
$RCI_{PCR_{real}P}$	means, if applicable, the Initial PCR Capacity Incentive	£ real (Base Year)

14. The Additional Opening RAB for each Charging Year $_t$ in the Pre-PCR Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$AORAB_{t_{real}} = ACRAB_{t-1}$$

Where:

Term	Description	Price Base
$AORAB_{t_{real}}$	means the Additional Opening RAB, as 1 April in Charging Year $_t$	£ real (Base Year)
$ACRAB_{t-1}$	means the Additional Closing RAB for Charging Year $_{t-1}$	£ real (Base Year)

15. The Additional Closing RAB for each Charging Year $_t$ in the Pre-PCR Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$ACRAB_{t_{real}} = \sum_{n=1}^t (AAAS_{n_{real,CPIH}} - Dis_n - IP_n)$$

Where:

Term	Description	Price Base
$ACRAB_{t_{real}}$	means the Additional Allowable Closing RAB for each Charging Year $_t$	£ real (Base Year)
$AAAS_{n_{real,CPIH}}$	means the Actual Additional Allowable Spend (if any) for Charging Year $_n$, calculated in accordance with Part G	£ real (Base Year)
Dis_n	means, in any Charging Year $_n$, the proceeds received from any Disposals in accordance with	£ real (Base Year)

	paragraph 20 of Special Condition 9 (<i>Disposals</i>) at any time after Actual Additional Allowable Spend is first incurred	
IP_n	means in any Charging Year $_n$, any insurance proceeds (whether pursuant to commercial insurance arrangements or as may be provided by the Secretary of State pursuant to the Supplemental Compensation Agreement) received by the licensee in respect of a loss of either or both Units or any other part of the Plant, where such proceeds are not being applied to reinstate the lost Unit(s) or the Plant at any time after Actual Additional Allowable Spend is first incurred	£ real (Base Year)

16. The Below HRT Opening RAB for each Charging Year $_t$ in the Pre-PCR Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$BH-ORAB_{t_{real}} = ORAB_t - AORAB_t$$

Where:

Term	Description	Price Base
$BH-ORAB_{t_{real}}$	means the Below HRT Opening RAB for each Charging Year $_t$	£ real (Base Year)
$ORAB_t$	means the Opening RAB for Charging Year $_t$	£ real (Base Year)
$AORAB_{t_{real}}$	means the Additional Opening RAB for Charging Year $_t$	£ real (Base Year)

17. The Below HRT Closing RAB for each Charging Year $_t$ in the Pre-PCR Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$BH-CRAB_{t_{real}} = CRAB_t - ACRAB_t$$

Where:

Term	Description	Price Base
$BH-CRAB_{t_{real}}$	means the Below HRT Closing RAB for Charging Year $_t$	£ real (Base Year)
$CRAB_t$	means the Closing RAB for Charging Year $_t$	£ real (Base Year)

$ACRAB_{t_{real}}$	means the Additional Closing RAB for Charging Year _t	£ real (Base Year)
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18. The Present Value Closing RAB for each Charging Year in the Pre-PCR Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$PV-CRAB_t = CRAB_t \cdot \left(\frac{1}{1 + IWACC_t} \right)$$

Where:

Term	Description	Price Base
$PV-CRAB_t$	means the Present Value Closing RAB for Charging Year _t	£ real (Base Year)
$CRAB_t$	means the Closing RAB for Charging Year _t	£ real (Base Year)
$IWACC_t$	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>), as adjusted for Charging Year _t in accordance with Special Condition 41 (<i>Timely Achievement of COD</i>) (where applicable)	N/A

19. The Present Value Below HRT Closing RAB and the Present Value Additional Closing RAB will be calculated in accordance with paragraph 18 as if references to the Closing RAB were to Below HRT Closing RAB and the Additional Closing RAB respectively.
20. The Average Present Value RAB for each Charging Year in the Pre-PCR Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$APV-RAB_t = \frac{ORAB_t + PV-CRAB_t}{2}$$

Where:

Term	Description	Price Base
$APV-RAB_t$	means the Average Present Value RAB for Charging Year _t	£ real (Base Year)
$ORAB_t$	means the Opening RAB for Charging Year _t	£ real (Base Year)
$PV-CRAB_t$	means the Present Value Closing RAB for Charging Year _t	£ real (Base Year)

21. The Average Present Value Additional RAB will be calculated in accordance with paragraph 20 as if references to:
- (a) the Opening RAB were to the Additional Opening RAB; and
 - (b) the Present Value Closing RAB were to the Present Value Additional Closing RAB.
22. The Average Present Value Below HRT RAB will be calculated in accordance with paragraph 20 as if references to:
- (a) the Opening RAB were to the Below HRT Opening RAB; and
 - (b) the Present Value Closing RAB were to the Present Value Below HRT Closing RAB.

Part D: Authority Stated RAB in the Pre-PCR Phase

23. Without prejudice to Part A, the Authority will, for the sole benefit of the Secretary of State (as the provider of the Government Support Package) state in each Charging Year_{*t*} during the Pre-PCR Phase starting from the Third Charging Year:
- (a) the Closing RAB for Charging Year_{*t-2*} in real (Base Year) prices; and
 - (b) the Adjusted Closing RAB (Current Prices) for Charging Year_{*t-2*}.
24. The Adjusted Closing RAB (Current Prices) for Charging Year_{*t-2*} will be calculated in accordance with the following formula:

$$CRAB_{t-2_{current}} = CRAB_{t-2_{real}} \cdot PI_{t-2}$$

Where:

Term	Description	Price Base
$CRAB_{t-2_{current}}$	means the Adjusted Closing RAB (Current Prices) as at 31 March in Charging Year _{<i>t-2</i>}	£ Charging Year _{<i>t-2</i>}
$CRAB_{t-2_{real}}$	means the Closing RAB, as at 31 March in Charging Year _{<i>t-2</i>}	£ real (Base Year)
PI_{t-2}	means the Applicable CPIH Price Index Adjustment Factor for Charging Year _{<i>t-2</i>}	N/A

Part E: Calculation of the RAB Addition for each Charging Year in the Pre-PCR Phase

25. The RAB Addition for each Charging Year_{*n*} during the Pre-PCR Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$RA_{n_{real}} = AAC S_{n_{real,CPIH}} + AAAS_{n_{real,CPIH}} - Dis_n - IP_n$$

Where:

Term	Description	Price Base
$RA_{n_{real}}$	means the RAB Addition in Charging Year _n	£ real (Base Year)
$AACS_{n_{real,CPIH}}$	means the Actual Allowable Capital Spend (CPIH) for Charging Year _n , calculated in accordance with Part F	£ real (Base Year)
$AAAS_{n_{real,CPIH}}$	means the Actual Additional Allowable Spend (if any) for Charging Year _n , calculated in accordance with Part G	£ real (Base Year)
Dis_n	means the proceeds received from any Disposals in Charging Year _n in accordance with paragraph 20 of Special Condition 9 (<i>Disposals</i>)	£ real (Base Year)
IP_n	means any insurance proceeds (whether pursuant to commercial insurance arrangements or as may be provided by the Secretary of State pursuant to the Supplemental Compensation Agreement) received by the licensee in Charging Year _n in respect of a loss of either or both Units or any other part of the Plant, where such proceeds are not being applied to reinstate the lost Unit(s) or the Plant	£ real (Base Year)

Part F: Calculating the Actual Allowable Capital Spend (CPIH) in real (Base Year) prices

Conversion of non-GBP Actual Allowable Capital Spend (Nominal) into GBP

26. The Actual Allowable Capital Spend (Nominal) in nominal prices for each Charging Year_n during the Pre-PCR Phase will be calculated in accordance with the following formula:

$$AANCS_n = AANCS_{GBP_n} + \sum_i (AANCS_{non-GBP_{n_i}} \cdot FX_i)$$

Where:

Term	Description	Price Base
$AANCS_n$	means the Actual Allowable Capital Spend (Nominal) in relevant Charging Year _n	£ Charging Year _n

$AANCS_{GBP_n}$	means the Actual Allowable Capital Spend (Nominal) that was incurred in GBP in the relevant Charging Year _n	£ Charging Year _n
$AANCS_{non-GBP_{n_i}}$	means each item <i>i</i> of non-GBP Actual Allowable Capital Spend (Nominal) in the relevant Charging Year _n	Non-GBP Charging Year _n
FX_i	means the Assumed FX Rate	N/A

Deflating Actual Allowable Capital Spend (Nominal) into Base Year prices

27. The Actual Allowable Capital Spend (CPIH) for each Charging Year_n in the Pre-PCR Phase in real (Base Year) prices will be calculated in accordance with the following formula:

$$AACS_{n_{real,CPIH}} = \frac{AANCS_n}{PI_n}$$

Where:

Term	Description	Price Base
$AACS_{n_{real,CPIH}}$	means the Actual Allowable Capital Spend (CPIH) for the relevant Charging Year _n	£ real (Base Year)
$AANCS_n$	means the Actual Allowable Capital Spend (Nominal) in the relevant Charging Year _n in nominal prices, calculated in accordance with paragraph 26	£ Charging Year _n
PI_n	means the Applicable CPIH Price Index Adjustment Factor	N/A

Part G: Spend above the Higher Regulatory Threshold in real (Base Year) prices

28. To the extent the Secretary of State modifies this licence in response to an IAR Application (as described in Part B (*Predicted Overruns and IAR Applications*) of Special Condition 32 (*Additional Return on Capital Building Block during the Pre-PCR Phase*)), Additional Allowable Spend incurred above the Higher Regulatory Threshold may be logged to the Regulated Asset Base in accordance with the terms of this licence.
29. The aggregate of the Actual Additional Allowable Spend for each Charging Year_n from the Charging Year in which the Secretary of State has so modified the licence will be:

- (a) calculated in real (Base Year) prices in accordance with Part F as if references to Actual Allowable Capital Spend (in the applicable price base) were to Actual Additional Allowable Spend (in the equivalent price base); and
- (b) applied in accordance with Part E.

Special Condition 28. Capex Incentive Building Block

Introduction

1. The Capex Incentive incentivises the licensee to manage its capital expenditure through:
 - (a) an uplift to its Regulated Asset Base applied in the Charging Year during which the PCR Determination is made in the circumstances where Cumulative Actual Allowable Capital Spend (ACI) (when aggregated with the Day-1 RAB) during the Pre-PCR Phase is less than the Lower Regulatory Threshold; or
 - (b) disallowing a portion of any Actual Allowable Capital Spend that exceeds the Lower Regulatory Threshold (up to the Higher Regulatory Threshold) from being logged to its Regulated Asset Base in each Charging Year on and from the year in which the Cumulative Actual Allowable Capital Spend (ACI) (when aggregated with the Day-1 RAB) exceeds the Lower Regulatory Threshold.
2. The purpose of this special condition is to establish how the Capex Incentive will be calculated and applied during the Pre-PCR Phase.

Structure of this special condition

3. This special condition is structured as follows:
 - (a) Part A provides an overview of the process and timing for calculating the Capex Incentive;
 - (b) Part B establishes the process for the calculation of the Cumulative Actual Allowable Capital Spend for the purposes of determining whether the Capex Incentive applies and for determining the Weighted Average ACI (Capex);
 - (c) Part C establishes the calculation of Capex Incentive Rate for each Charging Year in the Pre-PCR Phase;
 - (d) Part D establishes the calculation of Capex Incentive; and
 - (e) Part E sets out the obligations on the licensee to provide Supporting Information to the Authority.

Part A: Process for calculating the Capex Incentive

4. In respect of each Charging Year_{*t*} in the Pre-PCR Phase, the licensee must, prior to calculating its Capex Incentive, determine the Cumulative Actual Allowable Capital Spend up to and including that Charging Year in accordance with Part B.
5. Once the Cumulative Actual Allowable Capital Spend has been calculated, the Capex Incentive Rate for Charging Year_{*t*} will be calculated in accordance with Part C.
6. If the Capex Incentive Rate determined pursuant to Part C is greater than ■■■ for any Charging Year during the Pre-PCR Phase, the Capex Incentive will be calculated in accordance with Part D and applied pursuant to and in accordance with Part C (*Calculation of the Opening RAB and the Closing RAB during the Pre-PCR Phase*) of Special Condition 27 (*Valuation of the Regulated Asset Base during the Pre-PCR Phase*).

Part B: Process for determining the Cumulative Actual Allowable Capital Spend and the Weighted Average ACI (Capex)

7. The Delivery Area Actual Allowable Capital Spend (ACI) for the relevant Delivery Area in a Charging Year_{*t*} during the Pre-PCR Phase will be calculated in real (Base Year) prices as follows:
 - (a) first, the Actual Allowable Capital Spend (Nominal) incurred for each item of non-GBP Allowable Capital Spend for the relevant Delivery Area in the relevant Charging Year_{*t*}, is converted into GBP nominal prices at the FID FX Rate;
 - (b) second, the aggregate of all Actual Allowable Capital Spend (Nominal) converted into GBP pursuant to sub-paragraph (a) is aggregated with the Actual Allowable Capital Spend (Nominal) for the relevant Delivery Area that was incurred in GBP in the relevant Charging Year_{*t*}; and
 - (c) third, the amount determined pursuant to sub-paragraph (b) is deflated, by the Agreed Construction Indices for the relevant Delivery Area, to be in real (Base Year) prices.
 8. The Actual Allowable Capital Spend (ACI) for any Charging Year_{*t*} during the Pre-PCR Phase will be calculated in real (Base Year) prices by aggregating the Delivery Area Actual Allowable Capital Spend (ACI) for each Delivery Area in that Charging Year_{*t*} calculated in accordance with paragraph 7.
 9. The Cumulative Actual Allowable Capital Spend (ACI) incurred from the Licence Modification Date up to and including Charging Year_{*t*} will be calculated in real (Base Year) prices by aggregating the Actual Allowable Capital Spend (ACI), calculated in accordance with paragraph 8, for each Charging Year up to and including Charging Year_{*t*}.
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10. The Cumulative Actual Allowable Capital Spend (CPIH) incurred from the Licence Modification Date up to and including Charging Year_t will be calculated in real (Base Year) prices by aggregating the Actual Allowable Capital Spend (CPIH), calculated in accordance with Part F (*Calculating the Actual Allowable Capital Spend (CPIH) in real (Base Year) prices*) of Special Condition 27 (*Valuation of the Regulated Asset Base during the Pre-PCR Phase*), for each Charging Year up to and including Charging Year_t.
11. The ACI Weighting Factor (Capex) for a Delivery Area *i* in Charging Year_t will be calculated in accordance with the following formula:

$$w_{i,t} = \frac{DAAACS_{i,tACI}}{AACS_{tACI}}$$

Where:

Term	Description	Price Base
$w_{i,t}$	means the ACI Weighting Factor (Capex) for any Delivery Area <i>i</i> in Charging Year _t	N/A
$DAAACS_{i,tACI}$	means for any Delivery Area <i>i</i> , the Delivery Area Actual Allowable Capital Spend (ACI) for that Delivery Area in Charging Year _t	£ real (Base Year)
$AACS_{tACI}$	means the Actual Allowable Capital Spend (ACI) in Charging Year _t	£ real (Base Year)

12. The Weighted Average ACI (Capex) for Charging Year_t will be calculated in accordance with the following formula:

$$WACI_t = \sum_i (w_{i,t} \cdot ACI_{i,t})$$

Where:

Term	Description	Price Base
$WACI_t$	means the Weighted Average ACI (Capex) for Charging Year _t	N/A
$w_{i,t}$	means the ACI Weighting Factor (Capex) for each Delivery Area <i>i</i> in Charging Year _t	N/A
$ACI_{i,t}$	means the Agreed Construction Index for each Delivery Area <i>i</i> in Charging Year _t	N/A

Part C: Determining the Capex Incentive Rate

13. Subject to paragraph 14, if, in any Charging Year in the Pre-PCR Phase, the aggregate of the Cumulative Actual Allowable Capital Spend (ACI) incurred and the Day-1 RAB:
- (a) is greater than the Lower Regulatory Threshold, the Capex Incentive Rate will be ■■■; or
 - (b) is less than or equal to the Lower Regulatory Threshold, the Capex Incentive Rate will be ■■■.
14. The Capex Incentive Rate for the purposes of the Closing RAB of the Charging Year in which the Authority issues its PCR Determination will be ■■■.

Part D: Calculation of the Capex Incentive

15. The Capex Incentive is only applied in respect of any Charging Year_{*t*} in the Pre-PCR Phase where the Capex Incentive Rate is not zero.
16. In order to determine the Capex Incentive, first the Cumulative Capex Variance will be calculated in accordance with the following formula:

$$CCV_t = LRT - (CAACS_{t_{real,ACI}} + RAB_{Day1})$$

Where:

Term	Description	Price Base
CCV _{<i>t</i>}	means the Cumulative Capex Variance for Charging Year _{<i>t</i>}	£ real (Base Year)
LRT	means the Lower Regulatory Threshold	£ real (Base Year)
CAACS _{<i>t</i>_{real,ACI}}	means the Cumulative Actual Allowable Capital Spend (ACI) up to and including Charging Year _{<i>t</i>}	£ real (Base Year)
RAB _{<i>Day1</i>}	means the Day-1 RAB	£ real (Base Year)

17. Subject to paragraph 18, for each Charging Year in the Pre-PCR Phase where the Capex Incentive applies, the Capex Incentive (Base Year, ACI) will first be calculated in accordance with the following formula:

$$CI_{t_{ACI}} = (CCV_t - CCV_{t-1}) \cdot CIR_t$$

Where:

Term	Description	Price Base
$CI_{t_{ACI}}$	means the Capex Incentive for Charging Year _t	£ real (Base Year)
CCV_t	means the Cumulative Capex Variance for Charging Year _t	£ real (Base Year)
CCV_{t-1}	means the Cumulative Capex Variance for Charging Year _{t-1}	£ real (Base Year)
CIR_t	means the Capex Incentive Rate for Charging Year _t	N/A

18. If, in the Charging Year in which the Authority issues its PCR Determination, the aggregate of the Cumulative Actual Allowable Capital Spend (ACI) incurred and the Day-1 RAB is less than the Lower Regulatory Threshold, the Capex Incentive (Base Year, ACI) will be calculated in accordance with the following formula:

$$CI_{t_{ACI}} = CCV_t \cdot CIR_t$$

Where:

Term	Description	Price Base
$CI_{t_{ACI}}$	means the Capex Incentive for Charging Year _t	£ real (Base Year)
CCV_t	means the Cumulative Capex Variance for Charging Year _t	£ real (Base Year)
CIR_t	means the Capex Incentive Rate for Charging Year _t	N/A

19. The Capex Incentive (Base Year, ACI) will be inflated by the Weighted Average ACI (Capex) to calculate the Capex Incentive (Current Prices, ACI) for Charging Year_t in accordance with the following formula:

$$CI_{t_{nominal}} = CI_{t_{ACI}} \cdot WACI_t$$

Where:

Term	Description	Price Base
$CI_{t_{nominal}}$	means the Capex Incentive (Current Prices, ACI) for Charging Year _t	£ Charging Year _t

$CI_{t,ACI}$	means the Capex Incentive (Base Year, ACI) for Charging Year _t	£ real (Base Year)
$WACI_t$	means the Weighted Average ACI (Capex) for Charging Year _t	N/A

20. The Capex Incentive will then be calculated by deflating the Capex Incentive (Current Prices, ACI) into real (Base Year) price by CPIH in accordance with the following formula:

$$CI_{t,real,CPIH} = \frac{CI_{t,nominal,ACI}}{PI_t}$$

Where:

Term	Description	Price Base
$CI_{t,real,CPI}$	means the Capex Incentive for Charging Year _t	£ real (Base Year)
$CI_{t,nominal}$	means the Capex Incentive (Current Prices, ACI) for Charging Year _t calculated in accordance with paragraph 16	£ Charging Year _t
PI_t	means the Applicable CPIH Price Index Adjustment Factor for Charging Year _t	N/A

Part E: Provision of Information

21. The licensee must ensure that it collects and provides to the Authority detailed information in respect of its Capex Incentive calculations, including information disaggregating its Actual Allowable Capital Spend (Nominal) on an annual and cumulative basis for each Delivery Area and each major currency.
22. The licensee must provide any Supporting Information that may be specified in the RIGs or otherwise requested by the Authority.

Special Condition 29. PCR Capacity Incentive

Introduction

1. The purpose of this special condition is to set out the financial incentive that will apply to incentivise the licensee to deliver a Plant with the maximum safe capacity (in MWe). The incentive is measured against the Original Baseline Target Capacity against which the Project's value for money assessment was made by the Secretary of State.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the process for determining the Target PCR Capacity Incentive;
 - (b) Part B sets out the calculation of the Target PCR Capacity Incentive;
 - (c) Part C establishes when the Target PCR Capacity Incentive may be adjusted; and
 - (d) Part D sets out the calculation of the PCR Capacity Incentive for each Charging Year in the PCR Capacity Incentive Application Period.

Part A: Process for determining the Target PCR Capacity Incentive

3. The licensee must calculate the value of the Target PCR Capacity Incentive in accordance with Part B, on the basis of evidence generated by the Output Testing, and submit this for the Authority's approval as part of its PCR Business Plan, together with Supporting Information.
4. Following consideration of the licensee's submission pursuant to paragraph 3, the Authority will:
 - (a) confirm that the licensee's calculation of the Target PCR Capacity Incentive is accepted;
 - (b) reject the licensee's calculation of the Target PCR Capacity Incentive and substitute its own determination; or
 - (c) require further Supporting Information from the licensee to confirm whether the calculation of the Target PCR Capacity Incentive can be accepted.
5. Where the Target PCR Capacity Incentive is a positive number, this will result in an increase to the value of the PCR-RAB.
6. Where the Target PCR Capacity Incentive is a negative number, the Authority will notify the licensee as part of its PCR Determination how the Target PCR Capacity Incentive is to be deducted from the value of the RAB, being applied either:

- (a) in aggregate, by way of a one-off deduction to the PCR-RAB; or
 - (b) in annual deductions to the PCR value commencing with the first deduction to the PCR-RAB and such other annual deductions during the PCR Capacity Incentive Application Period determined by the Authority.
7. Where the Target PCR Capacity Incentive is to be applied during a PCR Capacity Incentive Application Period, each annual deduction to the RAB during such PCR Capacity Incentive Application Period will be determined in accordance with Part D.
 8. Where the Actual Capacity of a Unit is in excess of the Original Baseline Target Capacity, the licensee must provide Supporting Information to evidence to the Authority’s reasonable satisfaction that such increase is not temporary.
 9. Where the Authority has applied a PCR Capacity Incentive in accordance with this Part A, the Baseline Target Capacity of each Unit will be modified to reflect the Actual Capacity of each Unit at the PCR Determination.

Part B: Calculating the Target PCR Capacity Incentive

10. Subject to paragraph 16 of Special Condition 46 (*Through Life Capacity Incentive*), the Target PCR Capacity Incentive will be calculated in accordance with the following formula:

$$TRCI = RAB_{PCR} \cdot CIM$$

Where:

Term	Description	Price Base
TRCI	means the Target PCR Capacity Incentive	£ real (Base Year)
RAB_{PCR}	means: <ul style="list-style-type: none"> (a) the Opening Regulated Asset Base, of the Charging Year in which the Authority issues its PCR Determination; plus (b) any RAB Addition for the year in which the Authority issues its PCR Determination calculated in accordance with Part E (<i>Calculation of the RAB Addition for each Charging Year in the Pre-PCR Phase</i>) of Special Condition 27 (<i>Valuation of the Regulated Asset Base during the Pre-PCR Phase</i>); plus 	£ real (Base Year)

	(c) the Capex Incentive for the Charging Year in which the Authority issues its PCR Determination, calculated in accordance with Part D (<i>Calculation of the Capex Incentive</i>) of Special Condition 28 (<i>Capex Incentive Building Block</i>)	
CIM	means the Capacity Incentive Multiplier for both Units (in aggregate), calculated in accordance with paragraph 11 in the year in which the PCR Determination is issued or, if the Target PCR Capacity Incentive is subsequently adjusted, the revised Capacity Incentive Multiplier calculated pursuant to Part C	N/A

11. The Capacity Incentive Multiplier will be calculated in accordance with the following formula:

$$CIM = \left(\frac{AC_{U1} + AC_{U2}}{OBTC_{U1} + OBTC_{U2}} \right) - 1$$

Where:

CIM	means the Capacity Incentive Multiplier for both Units (in aggregate)
AC_{U1}	means the Actual Capacity for Unit 1 (in MWe)
AC_{U2}	means the Actual Capacity for Unit 2 (in MWe)
$OBTC_{U1}$	means the Original Baseline Target Capacity for Unit 1
$OBTC_{U2}$	means the Original Baseline Target Capacity for Unit 2

Part C: Changes to the Target PCR Capacity Incentive

12. Without prejudice to Special Condition 46 (*Through Life Capacity Incentive*), if, during the PCR Capacity Incentive Application Period:
- (a) there is a variance of more than ■ between the Actual Capacity and the Baseline Target Capacity for both Units (in aggregate); and
 - (b) the licensee has demonstrated to the Authority's satisfaction that the change in the Actual Capacity of either or both Unit(s) (as the case may be) is not temporary,

the Authority will recalculate the Capacity Incentive Multiplier and adjust the Target PCR Capacity Incentive.

13. If the Authority adjusts the Target PCR Capacity Incentive it will also adjust the Baseline Target Capacity of each Unit to reflect the Actual Capacity of each Unit demonstrated by the most recent Output Testing.
14. Adjustments made by the Authority pursuant to this Part C may include:
- (a) adjustments to the PCR Capacity Incentive Application Period;
 - (b) subject to paragraph 12, adjustments to the Target PCR Capacity Incentive amount; and/or
 - (c) adjustments to the revised Target PCR Capacity Incentive to take account of any Capacity Capex Amount,
- and, in any case, will be notified to the licensee by the Authority.

Part D: Calculating each PCR Capacity Incentive

15. The Authority will determine the value of the Initial PCR Capacity Incentive at the PCR Determination, provided that:
- (a) where the Target PCR Capacity Incentive is a positive number, the Initial PCR Capacity Incentive will be equal to the Target PCR Capacity Incentive; and
 - (b) where the Target PCR Capacity Incentive is a negative number, the Initial PCR Capacity Incentive will be no greater than the Target PCR Capacity Incentive.
16. For each other Charging Year_{*t*} during the PCR Capacity Incentive Application Period (starting from second Charging Year in the Operations Phase), the PCR Capacity Incentive will be calculated in accordance with the following formula:

$$RCI_t = \frac{TRCI_t - CRCI_{t-1}}{p + 1 - n} \cdot IF_t$$

Where:

Term	Description	Price Base
RCI _{<i>t</i>}	means the PCR Capacity Incentive for Charging Year _{<i>t</i>}	£ real (Base Year)
TRCI _{<i>t</i>}	means the Target PCR Capacity Incentive for Charging Year _{<i>t</i>} (being the Target PCR Capacity Incentive at the PCR Determination, or any subsequent determination of the Target PCR Capacity Incentive pursuant to Part C)	£ real (Base Year)
CRCI _{<i>t-1</i>}	means (as applicable):	£ real (Base Year)

	(a) if Charging Year _t is the second Charging Year in the Operations Phase, the Initial PCR Capacity Incentive; and (b) for any other Charging Year _t , the cumulative PCR Capacity Incentive amounts applied since the Target PCR Capacity Incentive was last set, up to and including Charging Year _{t-1} calculated in accordance with paragraph 17	
p	means the number of Charging Years in the PCR Capacity Incentive Application Period (commencing from the year in which the Initial PCR Capacity Incentive applied)	N/A
n	means the repayment year within the PCR Capacity Incentive Application Period, where n equals one in the first year of the PCR Capacity Incentive Application Period	N/A
IF _t	means the indexation factor for Charging Year _t calculated in accordance with paragraph 18	N/A

17. The cumulative PCR Capacity Incentives until Charging Year_{t-1} will be calculated in accordance with the following formula:

$$CRCI_{t-1} = RCI_{PCR} + \sum_{i=CY_{Ops+1}}^{t-1} RCI_i$$

Where:

Term	Description	Price Base
CRCI _{t-1}	means the cumulative PCR Capacity Incentives until Charging Year _t	£ real (Base Year)
RCI _{PCR}	means the Initial PCR Capacity Incentive determined by the Authority	£ real (Base Year)
RCI _i	means, for any Charging Year _i , the PCR Capacity Incentive included in the Opening RAB for that Charging Year calculated in accordance with paragraph 16	£ real (Base Year)
CY _{Ops+1}	means the second Charging Year in the Operations Phase	N/A

18. The indexation factor for any Charging Year_{*t*} will be calculated in accordance with the following formula:

$$IF_t = \prod_{i=CY_{Ops+1}}^t (1 + RWACC_{i-1})$$

Where:

Term	Description
IF_t	means the indexation factor for Charging Year _{<i>t</i>}
$RWACC_{i-1}$	means the RWACC for Charging Year _{<i>i-1</i>}
CY_{Ops+1}	means the second Charging Year in the Operations Phase

Chapter 6 Allowed Revenue

Special Condition 30. Allowed Revenue during the Pre-PCR Phase

Introduction

1. The purpose of this special condition is to:
 - (a) provide an overview of the formula that the Authority will use to calculate the licensee's Allowed Revenue for each Charging Year during the Pre-PCR Phase; and
 - (b) set out when future reconciliations to the Allowed Revenue may be applied.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A provides the Allowed Revenue calculation in the Pre-PCR Phase; and
 - (b) Part B sets out the calculation of the K-factor true up.

Part A: Calculation of the Allowed Revenue during the Pre-PCR Phase

3. The Allowed Revenue for the First Charging Year (Charging Year₁) will be published by the Authority on its website on the Licence Modification Date.
4. The Allowed Revenue payable to the licensee for each Charging Year_t in the Pre-PCR Phase commencing on 1 April following the First Charging Year will be calculated in accordance with the following formula:

$$AR_t = R_t \cdot PI_t + K_t$$

Where:

Term	Description	Price Base
AR _t	means the Allowed Revenue for the relevant Charging Year _t	£ Charging Year _t
R _t	means the Calculated Revenue for the relevant Charging Year _t , as calculated in accordance with paragraph 5	£ real (Base Year)
PI _t	means the Applicable CPIH Price Index Adjustment Factor for Charging Year _t	N/A
K _t	means the K-factor for Charging Year _t , as calculated in accordance with Part B	£ Charging Year _t

5. R_t for each Charging Year $_t$ in the Pre-PCR Phase will be calculated in accordance with the following formula:

$$R_t = BR_t + Tax_t$$

Where:

Term	Description	Price Base
R_t	means the Calculated Revenue for the relevant Charging Year $_t$	£ real (Base Year)
BR_t	means the Base Revenue for the relevant Charging Year $_t$	£ real (Base Year)
Tax_t or Tax Building Block	means the Tax Building Block for the relevant Charging Year $_t$ calculated in accordance with Special Condition 33 (<i>Tax Building Block during the Pre-PCR Phase</i>)	£ real (Base Year)

6. BR_t for each Charging Year $_t$ in the Pre-PCR Phase will be calculated in accordance with the following formula:

$$BR_t = RoC_t + ARoC_t + \left(\frac{FDP_t}{PI_t} \right) + PT_t + Li_t + Op_t + SBCC_t + CDA_t$$

Where:

Term	Description	Price Base
BR_t	means the Base Revenue for the relevant Charging Year $_t$	£ real (Base Year)
RoC_t or Return on Capital Building Block	means the Return on Capital Building Block for the relevant Charging Year $_t$ calculated in accordance with Special Condition 31 (<i>Return on Capital Building Block during the Pre-PCR Phase</i>)	£ real (base Year)
$ARoC_t$ or Additional Return on Capital Building Block	means the Additional Return on Capital Building Block for the relevant Charging Year $_t$ calculated in accordance with Special Condition 32 (<i>Additional Return on Capital Building Block during the Pre-PCR Phase</i>)	£ real (Base Year)
FDP_t or FDP Allowance Building Block	means the FDP Allowance Building Block for the relevant Charging Year $_t$ calculated in accordance with Special Condition 34 (<i>FDP</i>	£ Charging Year $_t$

	<i>Allowance Building Block during the Pre-PCR Phase)</i>	
PI_t	means the Applicable CPIH Price Index Adjustment Factor for Charging Year $_t$	N/A
PT_t or Pass-Through Costs Building Block	means the Pass-Through Costs Building Block for the relevant Charging Year $_t$ calculated in accordance with Special Condition 35 (<i>Pass-Through Costs Building Block during the Pre-PCR Phase</i>)	£ real (Base Year)
Li_t or Liquidity Building Block	means the Liquidity Building Block for the relevant Charging Year $_t$ calculated in accordance with Special Condition 36 (<i>Liquidity Building Block</i>)	£ real (Base Year)
Op_t or Opex Building Block	means, in respect of any Charging Year $_t$, the operating expenditure allowance calculated in accordance with Special Condition 37 (<i>Opex Building Block</i>)	£ real (Base Year)
$SBCC_t$ or the Social Benefits and Communications Costs Building Block	means, in respect of any Charging Year $_t$, the social benefits and communications allowance calculated in accordance with Special Condition 38 (<i>Social Benefits and Communications Costs Building Block</i>)	£ real (Base Year)
CDA_t or CDA Building Block	means the Cost of Debt Adjustment Building Block for the relevant Charging Year $_t$ calculated in accordance with Special Condition 39 (<i>Cost of Debt Adjustment Building Block</i>)	£ real (Base Year)

Part B: K-factor true up

7. The K-factor true up in each Charging Year $_t$ in the Pre-PCR Phase takes into account the replacement of forecast, provisional or estimated values with actual out-turn values for the following building blocks:
- (a) Return on Capital Building Block;
 - (b) Additional Return on Capital Building Block;
 - (c) Pass-Through Costs Building Block;
 - (d) Liquidity Building Block; and

(e) Opex Building Block.

8. The K-factor true up also takes into account the correction of errors and revisions of data identified as a result of assurance activities.
9. The K-factor for each Charging Year_t will be calculated in accordance with the following formula:

$$K_t = (AR_{t-2} - RR_{t-2})(1 + TVM_{t-1})(1 + TVM_{t-2})$$

Where:

Term	Description	Price Base
K _t	means the K-factor for the relevant Charging Year _t	£ Charging Year _t
AR _{t-2}	means the Allowed Revenue for Charging Year _{t-2} , as calculated in accordance with paragraph 4 taking account of any adjustments in accordance with paragraphs 7 and 8	£ nominal
RR _{t-2}	means the Recovered Revenue for Charging Year _{t-2} calculated in accordance with paragraph 10	£ nominal
TVM _{t-1}	means the Time Value of Money for Charging Year _{t-1} calculated in accordance with paragraph 11	N/A
TVM _{t-2}	means the Time Value of Money for Charging Year _{t-2} calculated in accordance with paragraph 11	N/A

10. The Recovered Revenue for each Charging Year_{t-2} will be calculated in accordance with the following formula:

$$RR_{t-2} = DP_{t-2} + MR_{t-2}$$

Where:

Term	Description	Price Base
RR _{t-2}	means the Recovered Revenue for Charging Year _{t-2} , after deduction of value added tax (if any) and any other taxes charged directly by reference to the amounts so derived	£ nominal
DP _{t-2}	means the total Difference Payments that the licensee received in Charging Year _{t-2}	£ nominal
MR _{t-2}	means the Actual Market Revenue for Charging Year _{t-2}	£ nominal

11. TVM_t for each Charging Year_{*t*} in the Pre-PCR Phase will be calculated in accordance with the following formula:

$$TVM_t = \left[(1 + IWACC_t) \frac{PI_{t+1}}{PI_t} \right] - 1$$

Where:

TVM_t	means the Time Value of Money for the relevant Charging Year _{<i>t</i>}
$IWACC_t$	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>), as adjusted for Charging Year _{<i>t</i>} in accordance with Special Condition 41 (<i>Timely Achievement of COD</i>) (where applicable)
PI_{t+1}	means CPIH for Charging Year _{<i>t+1</i>}
PI_t	means CPIH for Charging Year _{<i>t</i>}

Special Condition 31. Return on Capital Building Block during the Pre-PCR Phase

Introduction

1. The purpose of this special condition is to calculate the value of the Return on Capital Building Block applicable during the Pre-PCR Phase.

Return on Capital Building Block during the Pre-PCR Phase

2. The Return on Capital Building Block for each Charging Year in the Pre-PCR Phase will be calculated in accordance with the following formula:

$$ROC_t = APV-BHRAB_t \cdot IWACC_t$$

Where:

Term	Description	Price Base
RoC_t	means the Return on Capital Building Block in Charging Year _t	£ real (Base Year)
$APV-BHRAB_t$	means the Average Present Value Below HRT RAB	£ real (Base Year)
$IWACC_t$	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>), as adjusted for Charging Year _t in accordance with Special Condition 41 (<i>Timely Achievement of COD</i>) (where applicable)	N/A

Special Condition 32. Additional Return on Capital Building Block during the Pre-PCR Phase

Introduction

1. The purpose of this special condition is to calculate the value of the Additional Return on Capital Building Block applicable during the Pre-PCR Phase.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the calculation of the Additional Return on Capital Building Block for each Charging Year during the Pre-PCR Phase;
 - (b) Part B sets out the process for reporting against Predicted Overruns and the licensee's right to submit an IAR Application to the Secretary of State.

Part A: Additional Return on Capital Building Block during the Pre-PCR Phase

3. The licensee must calculate the Additional Return on Capital Building Block in any Charging Year during the Pre-PCR Phase in which Additional Allowable Spend is due to be incurred.
4. The Additional Return on Capital Building Block will be calculated in accordance with the following formula:

$$ARoC_t = APV-ARAB_t \cdot IWACC_t$$

Where:

Term	Description	Price Base
ARoC _t	means the Additional Return on Capital Building Block in Charging Year _t	£ real (Base Year)
APV-ARAB _t	means the Average Present Value Additional RAB for Charging Year _t	£ real (Base Year)
IWACC _t	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>), as adjusted for Charging Year _t in accordance with Special Condition 41 (<i>Timely Achievement of COD</i>) (where applicable)	N/A

Part B: Predicted Overruns and IAR Applications

5. If there is a Predicted Overrun, the licensee will have a right to submit an IAR Application to the Secretary of State in accordance with the procedure set out by the Secretary of State in the statement dated [●] issued pursuant to section 7(6) of NEFA.

6. If (and to the extent) that the Secretary of State approves the IAR Application (in whole or in part) and modifies the licence pursuant to section 7(1) of NEFA, the additional expenditure that the Secretary of State has determined pursuant to such approved IAR Application will be treated as Additional Allowable Spend.
7. Following a modification of the licence by the Secretary of State as described in paragraph 6, any Additional Allowable Spend will be logged to the RAB in accordance with the logging rules described in Special Condition 27 (*Valuation of the Regulated Asset Base during the Pre-PCR Phase*).
8. To the extent that the licensee incurs any expenditure above the Higher Regulatory Threshold which is not approved by the Secretary of State pursuant to an IAR Application, such amounts will be treated as Excluded Capital Spend.

Special Condition 33. Tax Building Block during the Pre-PCR Phase

Introduction

1. The purpose of this special condition is to provide a tax allowance to compensate the licensee each Charging Year during the Pre-PCR Phase for efficient Corporation Tax payments.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out details of the calculation of the Tax Building Block;
 - (b) Part B sets out when the tax allowance clawback mechanism will be triggered;
 - (c) Part C provides details of the process that the Authority will follow before determining any Tax Allowance Adjustment; and
 - (d) Part D sets out the obligation on the licensee to send the Authority an annual assurance statement in relation to the Tax Reconciliation.

Part A: Tax Building Block

3. The Tax Building Block forms part of the annual Allowed Revenue calculation and is calculated on a notional basis to reflect an amount allowed by the Authority in respect of Corporation Tax paid, allowed or received in the relevant Charging Year_{*t*} by the licensee.
4. The approach to calculating the Tax Building Block amount will be determined in accordance with the Price Control Financial Instruments.
5. In any Charging Year_{*t*} where the licensee's liability to pay or receive an amount in respect of Corporation Tax or any Corporation Tax rebate or allowance is zero, unless other reconciliations or adjustments apply in accordance with this special condition, the Tax Building Block amount will be zero.
6. Each Charging Year during the Pre-PCR Phase, the value of the Tax Building Block will be calculated in accordance with the following formula:

$$Tax_t = TAX_t^{+/-} - TAXA_t$$

Where:

Term	Description	Price Base
Tax _{<i>t</i>} or Tax Building Block	means the Tax Building Block for the relevant Charging Year _{<i>t</i>}	£ real (Base Year)

TAX _t	means the Calculated Tax Allowance and has the value set out in cell [●] of [name] sheet of the Price Control Financial Model for the relevant Charging Year _t , provided that in any Charging Year _t where the licensee's liability to pay or receive an amount in respect of Corporation Tax or any Corporation Tax rebate or allowance is zero its value will be zero	£ real (Base Year)
TAXA _t	means the Tax Allowance Adjustment that is to be applied to adjust the Allowed Revenue in accordance with a direction issued by the Authority pursuant to Part C	£ real (Base Year)

Part B: Tax Clawback

7. If the licensee's Actual Corporation Tax Liability is less than the amount of the Tax Building Block in Charging Year_{t-2} and such variation is due to a divergence between the licensee's actual gearing and the notional gearing assumption made by the Authority for the purposes of setting the Tax Building Block, the Authority may deduct this from the Allowed Revenue in Charging Year_t.

Part C: Tax Allowance Adjustment (TAXA_t)

8. The Authority will consider whether a tax adjustment is appropriate and, if so, determine the Tax Allowance Adjustment amount (the TAXA_t).
9. The effect is to adjust the Allowed Revenue, if required, following a review of material differences between the licensee's Calculated Tax Allowance and its Actual Corporation Tax Liability, in accordance with Chapter [●]⁴⁰ of the Price Control Financial Handbook.

Undertaking a tax review

10. The Authority may undertake a tax review of any material differences between the licensee's Calculated Tax Allowance and its Actual Corporation Tax Liability, in accordance with Chapter [●]⁴¹ of the Price Control Financial Handbook.

⁴⁰ **Note:** Reference to be to the relevant chapter of the PCFM Handbook once finalised.

⁴¹ **Note:** Reference to be to the relevant chapter of the PCFM Handbook once finalised.

11. Where the Authority notifies the licensee that it has decided to undertake a tax review and given the reasons for that decision, the licensee must:
 - (a) procure an Appropriately Qualified Independent Examiner to examine the differences between the licensee's Calculated Tax Allowance and its actual tax liability and submit a report to the Authority;
 - (b) carry out any reasonable steps specified by the Authority for such a procurement and comply with any requirements reasonably specified by the Authority as to the terms of appointment of the Appropriately Qualified Independent Examiner;
 - (c) ensure that the Appropriately Qualified Independent Examiner carries out the work within the scope, and by the date, reasonably specified by the Authority after discussing with the Appropriately Qualified Independent Examiner; and
 - (d) send to the Authority a report from the Appropriately Qualified Independent Examiner in the form, and containing the content, specified by the Authority, after discussing with the Appropriately Qualified Independent Examiner.
12. Following receipt of the Appropriately Qualified Independent Examiner's report, the Authority will:
 - (a) determine any adjustment to the value of the TAXA_t term that it considers should be made taking account of the report;
 - (b) specify the Charging Years to which that adjustment relates; and
 - (c) set out its reasons for its assessment under sub-paragraphs (a) and (b).

Part D: Tax Reconciliation assurance statement

13. This Part D requires the licensee to send to the Authority an annual assurance statement in relation to the Tax Reconciliation template and sets out the form of that statement.

Assurance Statement

14. The licensee must, by [31 July] of each Charging Year, send to the Authority an assurance statement, relating to Charging Year_{t-2} that:
 - (a) has been approved by a resolution of the licensee's Board; and
 - (b) is set out in the form prescribed in paragraph 15 or, where paragraph 16 applies, in the form prescribed in paragraph 17.
15. "In accordance with the requirements of paragraph 14 of Special Condition 33 (*Tax Building Block during the Pre-PCR Phase*), the Directors of [licensee] ("the

licensee”) hereby certify that for the Charging Year [Charging Year_{t-2}], in their opinion:

- (a) the adjusted notional tax allowance as shown in the Tax Reconciliation template represents a fair interpretation of the licensee’s adjusted actual corporation tax liability as shown in the licensee’s Company Tax Return (CT600);
- (b) the Tax Reconciliation has been submitted to the Office of Gas and Electricity Markets along with a copy of:
 - (i) the licensee’s most recent CT600 as submitted to His Majesty’s Revenue and Customs;
 - (ii) the licensee’s most recently submitted Senior Accounting Officer (SAO2) certificate as per sub-paragraph (i); and
 - (iii) the licensee’s published Tax Strategy;
- (c) where appropriate, further information has also been provided to support and explain reconciling items in accordance with the Price Control Financial Guidance;
- (d) all adjustments made have been appropriately explained in the Tax Reconciliation supporting commentary; and
- (e) reconciling differences have been appropriately explained and any remaining, unexplained difference is considered immaterial, in aggregate.”

16. Where the licensee anticipates a material variance to arise in the Tax Reconciliation as described in Chapter [●]⁴² of the Price Control Financial Handbook, the prescribed form for the assurance statement is set out in paragraph 17.

17. In accordance with the requirements of paragraph 14, the Directors of [licensee] (“the licensee”) hereby certify that for the Charging Year [Charging Year_{t-2}], in their opinion:

- (a) the adjusted notional tax allowance as shown in the Tax Reconciliation template does not represent a fair interpretation of the licensee’s adjusted actual corporation tax liability as shown in the licensee’s Company Tax Return (CT600);

⁴² **Note:** Reference to be to the relevant chapter of the PCFM Handbook once finalised.

- (b) the Tax Reconciliation has been submitted to the Office of Gas and Electricity Markets along with a copy of:
 - (i) the licensee's most recent CT600 as submitted to His Majesty's Revenue and Customs;
 - (ii) the licensee's most recently submitted Senior Accounting Officer (SAO2) certificate as per sub-paragraph (i); and
 - (iii) the licensee's published Tax Strategy;
- (c) where appropriate, further information has also been provided to support and explain reconciling items in accordance with the Price Control Financial Guidance;
- (d) all adjustments made have been appropriately explained in the Tax Reconciliation supporting commentary; and
- (e) a notification has been given to the Authority under Chapter [●]⁴³ of the Price Control Financial Handbook.

⁴³ **Note:** Reference to be to the relevant chapter of the PCFM Handbook once finalised.

Special Condition 34. FDP Allowance Building Block during the Pre-PCR Phase

Introduction

1. The purpose of this special condition is to set out how the FDP Allowance Building Block will be calculated during the Pre-PCR Phase.

FDP Allowance Building Block

2. The licensee will be entitled to an annual FDP Allowance as part of its Allowed Revenue in respect of amounts (if any) required to be paid by the licensee into the FDP Fund and any operational expenditure incurred by FundCo.
3. Subject to paragraph 4, the FDP Allowance Building Block for each Charging Year_t will be calculated in accordance with the following formula:

$$FDP_t = AC_t + FC_t$$

Where:

Term	Description	Price Base
FDP _t or FDP Allowance Building Block	means the FDP Allowance for the relevant Charging Year _t	£ Charging Year _t
AC _t	means the FDP Annual Contribution for the relevant Charging Year _t , as set out in the applicable Approved Contributions Notice (including the First Approved Contributions Notice) subject to paragraphs 7, 8 and 9 of Special Condition 13 (<i>Funded Decommissioning Programme</i>) and provided that no amount shall be payable in any Charging Year prior to the one in which the First Approved Contributions Notice is provided to the Authority	£ Charging Year _t
FC _t	means any costs incurred (or forecast to be incurred) by FundCo in implementing its obligations [and, if applicable, exercising its rights] under or in relation to the FDP, and subject to the licensee's obligations and the Authority's audit process under Pass-Through Costs Audit	£ Charging Year _t

4. The aggregate of FDP Allowance Building Block for each Charging Year during the Partial Revocation Period shall not exceed the FDP Final Amount.

Special Condition 35. Pass-Through Costs Building Block during the Pre-PCR Phase

Introduction

1. The purpose of this special condition is to calculate the value of the Pass-Through Costs Building Block applicable during the Pre-PCR Phase, to ensure that the licensee's Allowed Revenue reflects those costs that are outside the control of the licensee and that are approved by the Authority as being passed through to consumers.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the formula for calculating the licensee's Pass-Through Costs during the Pre-PCR Phase;
 - (b) Part B provides details of the Pass-Through Costs Audit; and
 - (c) Part C sets out the review process that the Authority will undertake in respect of the licensee's Pass-Through Costs.

Part A: Calculation of the Pass-Through Costs

3. The licensee will be entitled to an annual allowance, on a pass-through basis, in respect of specified costs incurred or to be incurred by the licensee in connection with the Project that are outside of its control.
4. The Authority may request evidence from the licensee in support of any costs incurred by the licensee in respect of which it is entitled to account for as part of the Pass-Through Costs Building Block.
5. The Authority will calculate the value of the Pass-Through Costs Building Block as follows:

$$PT_t = Fees_t + PR_t + CNC_t + GC_t$$

Where:

Term	Description	Price Base
PT_t	means the Pass-Through Costs in each relevant Charging Year _t	£ real (Base Year)

Fees _t	<p>means:</p> <p>(a) the Fee payable by the licensee to the Authority in each relevant Charging Year pursuant to Special Condition 3 (<i>Fees</i>);</p> <p>(b) any fees payable by the licensee to the ONR;</p> <p>(c) any fees payable by the licensee (in its capacity as an electricity generator) to the Secretary of State;</p> <p>(d) any fees payable by the licensee to the Environment Agency;</p> <p>(e) costs of the Independent Technical Adviser; and</p> <p>(f) costs of the Revenue Collection Counterparty,</p> <p>in each case, after excluding any amounts that constitute Excluded Project Spend and subject to the licensee's obligations and the Authority's audit process under Part B</p>	£ real (Base Year)
PR _t	<p>means the Prescribed Rates payable by the licensee in each relevant Charging Year, after excluding any amounts that constitute Excluded Project Spend and subject to the licensee's obligations and the Authority's audit process under Part B</p>	£ real (Base Year)
CNC _t	<p>means, in respect of the relevant Charging Year, the costs of complying with civil nuclear constabulary requirements for security at the Site, after excluding any amounts that constitute Excluded Project Spend and subject to the licensee's obligations and the Authority's audit process under Part B</p>	£ real (Base Year)
GC _t	<p>means grid costs, being, in respect of the relevant Charging Year:</p> <p>(a) the amounts payable by the licensee in respect of BSUoS Charges and TNUoS Charges;</p> <p>(b) the amounts payable to the ESO towards the cost of providing, operating and maintaining sole use assets; and</p> <p>(c) any other industry charges that the ESO may be entitled to charge the licensee in the ordinary course of business and which the ESO is entitled to charge other generators under the terms of the ESO licence,</p>	£ real (Base Year)

	in each case, excluding grid connections costs and any other Excluded Project Spend and subject to the licensee's obligations and the Authority's audit process under Part B	
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Part B: Pass-Through Costs Audit

6. At the same time as the licensee delivers to the Authority the information to be provided in Charging Year_{t-1}, in accordance with the RIGs, it must also deliver a Pass-Through Costs Audit.
7. The licensee must ensure that the Pass-Through Costs Audit is conducted in accordance with the process set out in the Pass-Through Costs Audit Guidance, published on the Authority's Website from time to time.
8. The Authority will issue and amend the Pass-Through Costs Audit Guidance by direction.
9. The provisions of the Pass-Through Costs Audit Guidance will be tailored to what is necessary to achieve the purposes of this special condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions relative to the impact on consumers of Pass-Through Costs reporting errors.
10. Before issuing or amending the Pass-Through Costs Audit Guidance by direction, the Authority will publish on the Authority's Website:
 - (a) the proposed text of the new or amended Pass-Through Costs Audit Guidance;
 - (b) the date on which the Authority intends the new or amended Pass-Through Costs Audit Guidance to come into effect;
 - (c) the reasons for the new or amended Pass-Through Costs Audit Guidance; and
 - (d) a period during which representations may be made on the new or amended Pass-Through Costs Audit Guidance, which will not be less than 28 days.

Part C: Review procedure

11. The licensee must engage with:
 - (a) the Relevant Valuation Authority and use all reasonable endeavours to minimise its liabilities in respect of the Prescribed Rates; and
 - (b) the civil nuclear constabulary and use all reasonable endeavours to minimise the costs of civil nuclear constabulary to what is reasonably necessary to comply with the licensee's legal requirements to maintain security at the Site,

taking into account the costs that may be shared proportionately with adjacent sites such as Sizewell A and Sizewell B.⁴⁴

12. The Authority may review the licensee's engagement with:
 - (a) the Relevant Valuation Authority with respect to a revaluation; and
 - (b) the civil nuclear constabulary in respect of any civil nuclear constabulary security costs.
13. If, after reviewing the licensee's engagement in accordance with paragraph 12 and requesting any Supporting Information required from the licensee, the Authority considers that the licensee has not complied with paragraph 11, the Authority may adjust the value of the Pass-Through Costs by direction.
14. Before making a direction under paragraph 13 the Authority must publish on the Authority's Website:
 - (a) the text of the proposed direction;
 - (b) the reasons for the proposed direction; and
 - (c) a period during which representations [or objections] may be made on the proposed direction, which must not be less than 28 days.
15. A direction under paragraph 13:
 - (a) may not specify a different value for the Pass-Through Costs for the Charging Year following the Charging Year in which the revaluation took place or for any earlier Charging Year; and
 - (b) may not specify a different value for the Pass-Through Costs that is less than zero.

⁴⁴ **Note:** We would note that the costs of the nuclear constabulary should be shared equally with Sizewell A and Sizewell B, to the extent relevant.

Special Condition 36. Liquidity Building Block

Introduction

1. The purpose of this special condition is to calculate the value of the Liquidity Building Block applicable during the Pre-PCR Phase.
2. The Liquidity Building Block allows the licensee to earn a return on its forecast incremental RAB in the next Charging Year to compensate the licensee for the cost of raising debt in advance of expenditure in order to meet the liquidity requirements set out in paragraph 10 of Part B (*Availability of resources*) of Special Condition 5 (*Ringfencing*).

Liquidity Building Block

3. The Authority will calculate the value of the Liquidity Building Block for each Charging Year in the Pre-PCR Phase in accordance with the following formula:

$$Li_t = IWACC_t \cdot [(Average\ PV - RAB_{t+1}) - (Average\ PV - RAB_t)] \cdot LM$$

Where:

Term	Description	Price Base
Li_t	means the Liquidity Building Block in Charging Year $_t$	£ real (Base Year)
IWACC	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>), as may be adjusted in accordance with Special Condition 41 (<i>Timely Achievement of COD</i>)	N/A
Average PV- RAB_{t+1}	means the Average Present Value RAB for Charging Year $_{t+1}$	£ real (Base Year)
Average PV- RAB_t	means the Average Present Value RAB for Charging Year $_t$	£ real (Base Year)
LM	means the Liquidity Multiplier for the relevant Charging Year ⁴⁵	N/A

⁴⁵ Note: [REDACTED] Details of how the multiplier will be calibrated will be included in the licence at licence modification.

Special Condition 37. Opex Building Block

Introduction

1. The purpose of this special condition is to calculate the value of the Opex Building Block.
2. The Opex Building Block represents the licensee’s allowance in respect of Allowable Operational Spend for each Charging Year during the Pre-PCR Phase, as adjusted for incentives on the licensee to manage its Actual Allowable Operational Spend within the Opex Pre-PCR Allowance.

Structure of this special condition

3. This special condition is structured as follows:
 - (a) Part A sets out the calculation of the Opex Building Block for each Charging Year during the Pre-PCR Phase;
 - (b) Part B sets out the steps for determining the Cumulative Actual Allowable Operational Spend and for determining the Weighted Average ACI (Opex);
 - (c) Part C establishes the determination of the Opex Sharing Factor for each Charging Year in the Pre-PCR Phase;
 - (d) Part D establishes the calculation of Opex Incentive; and
 - (e) Part E sets out the circumstances in which the Authority may modify the Opex Pre-PCR Allowance.

Part A: Opex Building Block

4. The licensee must provide the Authority with details of its Forecast Allowable Operational Spend for each Charging Year in the Pre-PCR Phase no later than [1 November] of the immediately preceding Charging Year.
5. For each Charging Year during the Pre-PCR Phase, the Opex Building Block for each Charging Year will be calculated in accordance with the following formula:

$$Op_t = AAOS_t + OI_{treal}$$

Where:

Term	Description	Price Base
Op_t	means the Opex Building Block in Charging Year _t	£ real (Base Year)

$AAOS_t$	means the Actual Allowable Operational Spend (CPIH) for the relevant Charging Year _t	£ real (Base Year)
$OI_{t,real}$	means, if applicable, the Opex Incentive for Charging Year _t , calculated in accordance with Part D (<i>Determining the Opex Incentive</i>)	£ real (Base Year)

Part B: Process for determining the Cumulative Actual Allowable Operational Spend and the Weighted Average ACI (Opex)

Calculating the Cumulative Actual Allowable Operational Spend (ACI)

6. The Delivery Area Actual Allowable Operational Spend (ACI) for a Delivery Area in a Charging Year_t during the Pre-PCR Phase will be calculated in real (Base Year) prices as follows:
 - (a) first, the Actual Allowable Operational Spend (Nominal) incurred for each item of non-GBP Allowable Operational Spend for the relevant Delivery Area in the relevant Charging Year_t, is converted into GBP nominal prices at the FID FX Rate;
 - (b) second, the aggregate of all Actual Allowable Operational Spend (Nominal) converted into GBP pursuant to sub-paragraph (a) above is aggregated with the Actual Allowable Operational Spend (Nominal) for the relevant Delivery Area that was incurred in GBP in the relevant Charging Year_t; and
 - (c) third, the amount determined pursuant to sub-paragraph (b) is deflated, by the Agreed Construction Indices for the relevant Delivery Area, to be in real (Base Year) prices.
7. The Actual Allowable Operational Spend (ACI) for any Charging Year_t during the Pre-PCR Phase will be calculated in real (Base Year) prices by aggregating the Delivery Area Actual Allowable Operational Spend (ACI) for each Delivery Area in that Charging Year_t, calculated in accordance with paragraph 6.
8. The Cumulative Actual Allowable Operational Spend (ACI) incurred from the Licence Modification Date up to and including Charging Year_t will be calculated in real (Base Year) prices by aggregating the Actual Allowable Operational Spend (ACI), calculated in accordance with paragraph 7, for each Charging Year up to and including Charging Year_t.

Calculating the Cumulative Actual Allowable Operational Spend (CPIH)

9. The Actual Allowable Operational Spend (Nominal) for any Charging Year_n during the Pre-PCR Phase will be calculated in accordance with the following formula:

$$AAOS_n = AAOS_{GBP_n} + \sum_i (AAOS_{non-GBP_{n_i}} \cdot FX_i)$$

Where:

Term	Description	Price Base
$AAOS_n$	means the Actual Allowable Operational Spend (Nominal) in relevant Charging Year _n	£ Charging Year _n
$AAOS_{GBP_n}$	means the Actual Allowable Operational Spend (Nominal) that was incurred in GBP in the relevant Charging Year _n	£ Charging Year _n
$AAOS_{non-GBP_{n_i}}$	means each item <i>i</i> of non-GBP Actual Allowable Operational Spend (Nominal) in the relevant Charging Year _n	Non-GBP Charging Year _n
FX_i	means the Assumed FX Rate	N/A

10. The Actual Allowable Operational Spend (CPIH) for each Charging Year_n in the Pre-PCR Phase in real (Base Year) prices will be calculated in accordance with the following formula:

$$AAOS_{n_{real,CPIH}} = \frac{AAOS_n}{PI_n}$$

Where:

Term	Description	Price Base
$AAOS_{n_{real,CPIH}}$	means the Actual Allowable Operational Spend (CPIH) for the relevant Charging Year _n	£ real (Base Year)
$AAOS_n$	means the Actual Allowable Operational Spend (Nominal) in the relevant Charging Year _n in nominal prices, calculated in accordance with paragraph 9	£ Charging Year _n
PI_n	means the Applicable CPIH Price Index Adjustment Factor	N/A

11. The Cumulative Actual Allowable Operational Spend (CPIH) incurred from the Licence Modification Date up to and including Charging Year_t will be calculated in real (Base Year) prices by aggregating the Actual Allowable Operational Spend (CPIH), calculated in accordance with paragraph 10, for each Charging Year up to and including Charging Year_t.

12. The ACI Weighting Factor (Opex) for a Delivery Area i in Charging Year $_t$ will be calculated in accordance with the following formula:

$$w_{i,t} = \frac{DAAAOS_{i,t,ACI}}{AAOS_{t,ACI}}$$

Where:

Term	Description	Price Base
$w_{i,t}$	means the ACI Weighting Factor (Capex) for any Delivery Area i in Charging Year $_t$	N/A
$DAAAOS_{i,t,ACI}$	means for any Delivery Area i , the Delivery Area Actual Allowable Operational Spend (ACI) for that Delivery Area in Charging Year $_t$	£ real (Base Year)
$AAOS_{t,ACI}$	means the Actual Allowable Operational Spend (ACI) in Charging Year $_t$	£ real (Base Year)

13. The Weighted Average ACI (Opex) for Charging Year $_t$ will be calculated in accordance with the following formula:

$$WACI_t = \sum_i (w_{i,t} \cdot ACI_{i,t})$$

Where:

Term	Description	Price Base
$WACI_t$	means the Weighted Average ACI (Opex) for Charging Year $_t$	N/A
$w_{i,t}$	means the ACI Weighting Factor (Opex) for each Delivery Area i in Charging Year $_t$	N/A
$ACI_{i,t}$	means the Agreed Construction Index for each Delivery Area i in Charging Year $_t$	N/A

Part C: Determining the Opex Sharing Factor

14. Subject to paragraph 15, if, in any Charging Year in the Pre-PCR Phase, the Cumulative Actual Allowable Operational Spend (ACI) incurred:
- (a) is greater than the Opex Pre-PCR Allowance, the Opex Sharing Factor will be ██████ (unless determined by the Authority following consultation with (among others) the licensee) and will apply in accordance with Part D; or

(b) is less than or equal to the Opex Pre-PCR Allowance, the Opex Sharing Factor will be ■■■.

15. The Opex Sharing Factor will be ■■■ (unless determined by the Authority following consultation with (among others) the licensee) and will apply in the Charging Year in which the Authority issues its PCR Determination in accordance with Part D.

Part D: Determining the Opex Incentive

16. The Opex Incentive is only applied in respect of any Charging Year_t in the Pre-PCR Phase where the Opex Sharing Factor is not zero.
17. In order to determine the Opex Incentive, first the Cumulative Opex Variance for Charging Year_t will be calculated in accordance with the following formula:

$$COV_t = OPPA - CAOS_{t_{real,ACI}}$$

Where:

Term	Description	Price Base
COV _t	means the Opex Incentive for Charging Year _t	£ real (Base Year)
OPPA	means the Opex Pre-PCR Allowance	£ real (Base Year)
CAOS _{t_{real,ACI}}	means the Cumulative Actual Allowable Operational Spend (ACI) up to and including Charging Year _t	£ real (Base Year)

18. Subject to paragraph 19, for each Charging Year in the Pre-PCR Phase where the Opex Incentive applies, the Opex Incentive (Base Year, ACI) will be calculated in accordance with the following formula:

$$OI_{t_{ACI}} = (COV_t - COV_{t-1}) \cdot OSF_t$$

Where:

Term	Description	Price Base
OI _{t_{ACI}}	means the Opex Incentive (Base Year, ACI) for Charging Year _t	£ real (Base Year)
COV _t	means the Cumulative Opex Variance for Charging Year _t	£ real (Base Year)

COV_{t-1}	means the Cumulative Opex Variance for Charging Year _{t-1}	£ real (Base Year)
OSF_t	means the Opex Sharing Factor for Charging Year _t as determined in accordance with Part C	N/A

19. If the Cumulative Actual Allowable Operational Spend (ACI) incurred is less than the Opex Pre-PCR Allowance in the Charging Year in which the Authority issues its PCR Determination, the Opex Incentive (Base Year, ACI) will be calculated in accordance with the following formula:

$$OI_{t_{ACI}} = COV_t \cdot OSF_t$$

Where:

Term	Description	Price Base
$OI_{t_{ACI}}$	means the Opex Incentive (Base Year, ACI) for Charging Year _t	£ real (Base Year)
COV_t	means the Cumulative Opex Variance for Charging Year _t	£ real (Base Year)
OSF_t	means the Opex Sharing Factor for Charging Year _t	N/A

20. The Opex Incentive (Base Year, ACI) will be inflated by the Weighted Average ACI (Opex) to calculate the Opex Incentive (Current Prices, ACI) for Charging Year_t in accordance with the following formula:

$$OI_{t_{nominal,ACI}} = OI_{t_{ACI}} \cdot WACI_t$$

Where:

Term	Description	Price Base
$OI_{t_{nominal,ACI}}$	means the Opex Incentive (Current Prices, ACI) for Charging Year _t	£ Charging Year _t
$OI_{t_{ACI}}$	means the Opex Incentive (Base Year, ACI) for Charging Year _t	£ real (Base Year)
$WACI_t$	means the Weighted Average ACI (Opex) for Charging Year _t	N/A

21. The Opex Incentive will then be calculated by deflating the Opex Incentive (Current Prices, ACI) into real (Base Year) price by CPIH in accordance with the following formula:

$$OI_{t_{real,CPIH}} = \frac{OI_{t_{nominal,ACI}}}{PI_t}$$

Where:

Term	Description	Price Base
$OI_{t_{real,CPI}}$	means the Opex Incentive for Charging Year _{<i>t</i>}	£ real (Base Year)
$OI_{t_{nominal,ACI}}$	means the Opex Incentive (Current Prices, ACI) for Charging Year _{<i>t</i>} calculated in accordance with paragraph 20	£ Charging Year _{<i>t</i>}
PI_t	means the Applicable CPIH Price Index Adjustment Factor for Charging Year _{<i>t</i>}	N/A

Part E: Modification of the Opex Pre-PCR Allowance

22. If the licensee considers that the Opex Pre-PCR Allowance that relates to the Charging Years following mechanical completion of either Unit is likely to be materially different (whether such difference is higher or lower) than the current Opex Pre-PCR Allowance for that period, the licensee must notify the Authority at least 18 months prior to mechanical completion of the first Unit.
23. Any notice issued by the licensee pursuant to paragraph 22 must:
 - (a) set out the operational costs that the licensee forecasts it will incur in the remaining Charging Years up to the PCR Determination; and
 - (b) highlight any differences between the operational cost forecasts that were assumed for the purposes of the Opex Pre-PCR Allowance and the reasons for any such difference,
 in each case, together with Support Information.
24. The licensee must, as soon as practicable, provide such other information as the Authority requests in order to make a determination in relation to any revised Opex Pre-PCR Allowance.
25. If and to the extent that the Authority determines that a higher or lower Opex Pre-PCR Allowance is justified by the available evidence, the Authority may modify the Opex Pre-PCR Allowance.

Special Condition 38. Social Benefits and Communications Costs Building Block

Introduction

1. The purpose of this special condition is to calculate the value of the Social Benefits and Communications Costs Building Block.
2. The Social Benefits and Communications Costs Building Block represents the licensee's allowance in respect of Allowable Social Benefits and Communications Costs for each Charging Year during the Pre-PCR Phase.

Social Benefits and Communications Costs Building Block

3. For each Charging Year during the Pre-PCR Phase, the Social Benefits and Communications Costs Building Block will be calculated in accordance with the following formula:

$$SBCC_t = SBCA_t - SBCR_{t-2}$$

Where:

Term	Description	Price Base
$SBCC_t$	means the Social Benefits and Communications Costs Building Block in Charging Year _t	£ real (Base Year)
$SBCA_t$	means the Social Benefits and Communications Allowance for the relevant Charging Year _t	£ real (Base Year)
$SBCR_{t-2}$	means, if applicable, the Social Benefits and Communications Rebate in respect of Charging Year _{t-2} , calculated in accordance with paragraph 5 or 6 (as applicable)	£ real (Base Year)

4. The licensee must provide the Authority with details of its Actual Social Benefits and Communications Costs for each Charging Year in the Pre-PCR Phase no later than [1 November] following the Charging Year in which they were incurred.
5. For each Charging Year during the Pre-PCR Phase, the Social Benefits and Communications Rebate will, save where paragraph 6 applies, be calculated in accordance with the following formula:

$$SBCR_{t-2} = SBCA_{t-2} - ASBCC_{t-2}$$

Where:

Term	Description	Price Base
$SBCR_t$	means the Social Benefits and Communications Rebate in Charging Year $_t$	£ real (Base Year)
$SBCA_{t-2}$	means the Social Benefits and Communications Allowance for Charging Year $_{t-2}$	£ real (Base Year)
$ASBCC_{t-2}$	means the Actual Social Benefits and Communications Costs for Charging Year $_{t-2}$	£ real (Base Year)

6. The Social Benefits and Communications Rebate will be zero for any Charging Year where the Social Benefits and Communications Allowance is less than or equal to the Actual Social Benefits and Communications Costs for that Charging Year.

Special Condition 39. Cost of Debt Adjustment Building Block⁴⁶

Introduction

7. The purpose of this special condition is to establish the Cost of Debt Adjustment Building Block applicable during the Pre-PCR Phase and the licensee's obligations in relation to managing its cost of debt.
8. The purpose of the Cost of Debt Adjustment Building Block is both to:
 - (a) incentivise the licensee to raise debt efficiently; and
 - (b) provide the licensee with a revenue adjustment (either upwards or downwards) to reflect a proportion of the costs associated with market movements in the cost of debt over the Pre-PCR Phase.

Structure of this special condition

9. This special condition is structured as follows:
 - (a) Part A sets out some general governance provisions regarding the Cost of Debt Adjustment Building Block;
 - (b) Part B describes how the CDA Calculation Model will be used;
 - (c) Part C sets out the process for modifying the CDA Calculation Model;
 - (d) Part D provides details in respect of the CDA Calculation Model Handbook;
 - (e) Part E relates to the timing and effect of the CDA Reopener;
 - (f) Part F sets out how conflicts between the licence and the CDA Calculation Model will be addressed; and
 - (g) Part G sets out the requirements in relation to the publication of the CDA Calculation Model and the CDA Calculation Model Handbook.

Part A: Cost of Debt Adjustment Building Block general governance provisions

10. The Authority will calculate the value of the Cost of Debt Adjustment Building Block for each Charging Year in the Pre-PCR Phase in accordance with the CDA Calculation Model.
11. The licensee must provide the Authority with a copy of its financing plan no later than 1 November in each Charging Year_{*t-1*} during the Pre-PCR Phase.

⁴⁶ **Note:** The CDA has been included on the assumption that the licensee will be privately financed. Subject to review in light of government financing structure.

Part B: CDA Calculation Model

12. The CDA Calculation Model forms part of this licence.
13. On or prior to the Licence Modification Date, the Authority will deliver to the licensee the CDA Calculation Model in the format that it intends to use during the Pre-PCR Phase, together with the current version of the CDA Calculation Model Handbook.
14. The CDA Calculation Model will be in a digital format and show or permit to be derived the licensee's:
 - (a) cost of borrowing;
 - (b) movements in the licensee's cost of borrowing as a result of:
 - (i) changes in the market average cost of borrowing for comparable firms; and
 - (ii) any other changes not identified in sub-paragraph (i); and
 - (c) value of the payments due to or from the licensee via the Cost of Debt Adjustment Building Block.

Part C: Modification of the CDA Calculation Model

15. The CDA Calculation Model may only be modified by the Authority in accordance with the provisions of this Part C.
16. The Authority may direct the following changes to the CDA Calculation Model:
 - (a) to change the [variable] model inputs relevant to the calculation of the value of the Cost of Debt Adjustment Building Block in each Charging Year during the Pre-PCR Phase;
 - (b) changing the filename of the spreadsheet containing the CDA Calculation Model;
 - (c) changing the "publication date" on the "cover" sheet of the CDA Calculation Model;
 - (d) to correct a manifest error;
 - (e) to revise the formatting, such as re-numbering of paragraphs, capitalising defined terms, cell labelling, re-naming or re-ordering of sections or worksheets;
 - (f) where the Authority considers that any such modification is necessary to correct an error of functionality discovered within the CDA Calculation Model;

- (g) deleting irrelevant material, such as transitional provisions that have expired;
 - (h) updates, such as to dates, version numbers of documents, titles of re-enacted legislation and re-named bodies.
17. Changes to the CDA Calculation Model that fall within paragraph 16 do not constitute a modification that can be challenged before the CMA.
18. Other than those modifications that fall within paragraph 16, modifications to the CDA Calculation Model constitute determinations by the Authority that may be referred to the CMA on an appeal.
19. Before issuing any direction pursuant to this Part C, the Authority will:
- (a) give notice to the licensee stating that it proposes to modify the CDA Calculation Model:
 - (i) specifying the date on which it proposes that the provisions of the modified CDA Calculation Model should take effect;
 - (ii) setting out the text of the modified CDA Calculation Model, the Authority's reasons for the proposed modifications and the date on which the Authority intends the proposed modifications to come into effect; and
 - (iii) specifying the time (which must not be less than a period of 28 days from the date of the notice) within which representations may be made;
 - (b) consider any representations, by any relevant stakeholder, in response to a notice that is duly made and not withdrawn; and
 - (c) publish any notice issued under this paragraph 19 on the Authority's Website.
20. A direction issued pursuant to this Part C will set out:
- (a) the modifications to the CDA Calculation Model; and
 - (b) the date from which such modifications will have effect.
21. Where the Authority and the licensee agree that the modification to the CDA Calculation Model is immaterial or to correct a manifest error, then the Authority may, without following the process described in paragraph 17, modify the CDA Calculation Model after a bilateral consultation with the licensee.
22. Modifications that serve to correct a manifest error are assumed to have no impact on the licensee's Allowed Revenue.

Part D: The CDA Calculation Model Handbook

23. The CDA Calculation Model will be operated on a basis that is consistent with the CDA Calculation Model Handbook.
24. The CDA Calculation Model Handbook will include details of all [material] data, calculations and methodology used to develop the CDA Calculation Model, together with any other documentation necessary to operate it.
25. Any modification by the Authority to the CDA Calculation Model Handbook will be by direction.
26. Before amending the CDA Calculation Model Handbook by direction, the Authority will publish on the Authority's Website:
 - (a) the text of the amended CDA Calculation Model Handbook;
 - (b) the date on which the Authority intends the amendments to come into effect;
 - (c) the reasons for the amendments; and
 - (d) a period during which representations may be made on the amendments, which will not be less than 28 days.

Part E: CDA Reopener

27. The Cost of Debt Adjustment Building Block will be subject to a periodic CDA Reopener every 4 Charging Years during the Pre-PCR Phase, with the first CDA Reopener being no later than the First CDA Reopener Date.
28. The CDA Reopener will revise the baseline from which outperformance or underperformance is measured for the purposes of calculating the Cost of Debt Adjustment Building Block, if and to the extent that there has been a material change in the baseline since the cost of debt was set at the Licence Modification Date or since the Authority reviewed the cost of debt at the last CDA Reopener.
29. The licensee may submit such information to the Authority as it reasonably considers relevant to the Authority's CDA Reopener determination, no later than 15 months prior to the start of the relevant Charging Year_t in which the CDA Reopener determination is to apply.
30. The Authority will issue its determination in respect of the CDA Reopener in Charging Year_{t-1}, confirming what changes (if any) need to be made to the baseline and how the Cost of Debt Adjustment Building Block will apply for the subsequent 4 Charging Years, starting from the next 1 April.
31. Any changes to be implemented to the CDA Calculation Model as a result of the CDA Reopener will be made in accordance with this special condition and published on the Authority's Website in Charging Year_{t-1}.

32. No later than [25 January of Charging Year_{t-1}] the licensee must provide the Authority with an updated calculation of its Allowed Revenue, and any associated calculations, for the forthcoming Charging Year_t, which reflects the Authority's determination in respect of the CDA Reopener.

Part F: Conflicts between the licence and the CDA Calculation Model

33. In the event of any conflict between the provisions of this licence and the CDA Calculation Model, the provisions of this licence will prevail.
34. If the licensee becomes aware of any conflict between the provisions of this licence and the CDA Calculation Model, the licensee must notify the Authority of such conflict as soon as reasonably practicable.
35. Without prejudice to paragraph 33, where the Authority identifies a conflict between the provisions of this licence and the CDA Calculation Model or is notified of any such conflict by the licensee in accordance with paragraph 34, the Authority may take such actions as it considers appropriate to resolve such conflict, including:
- (a) directing amendments to the provisions of this licence in accordance with the relevant statutory licence modification process pursuant to the Act; or
 - (b) directing amendments to the CDA Calculation Model in accordance with provisions of Part C.

Part G: Publication of the CDA Calculation Model and CDA Calculation Model Handbook

36. The Authority will publish up to date copies of the CDA Calculation Model and the CDA Calculation Model Handbook on the Authority's Website each year, having first made any redactions that the Authority or the licensee reasonably identifies as being necessary to protect commercially sensitive information.
37. The Authority will ensure that, as soon as reasonably practicable, any modifications to the CDA Calculation Model or the CDA Calculation Model Handbook are incorporated into a consolidated version of the CDA Calculation Model or the CDA Calculation Model Handbook, as relevant, maintained on the Authority's Website.

Chapter 7 COD, PCR and Reopeners

Special Condition 40. Commercial Operations⁴⁷

Introduction

1. The purpose of this special condition is to establish the requirements that the licensee must satisfy in order to achieve the Commercial Operations Date.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A establishes the process for the licensee to achieve the Commercial Operations Date; and
 - (b) Part B sets out the Commercial Operations Requirements.

Part A: Process for achieving the Commercial Operations Date

3. The Commercial Operations Date is the later of:
 - (a) the Commercial Operations Verification Date in respect of Unit 1, confirmed in accordance with this Part A; and
 - (b) the Commercial Operations Verification Date in respect of Unit 2, confirmed in accordance with this Part A.
4. When the licensee considers that a relevant Unit has achieved all the Commercial Operations Requirements, it may apply to the Authority to confirm whether the Commercial Operations Verification Date in respect of a Unit has been achieved.
5. The licensee must ensure that its application under paragraph 4 includes:
 - (a) all Supporting Information necessary to demonstrate that it has met the Commercial Operations Requirements; and
 - (b) a report from the Independent Technical Adviser that confirms the Independent Technical Adviser is satisfied that the licensee has met all the Commercial Operations Requirements.
6. Where the Authority decides that it requires further Supporting Information to assess the licensee's application, the licensee must provide such requested Supporting Information as soon as reasonably practicable and in any event no later than a date that falls [2 weeks] from the date of the Authority's request.

⁴⁷ **Note:** COD Requirements are subject to further technical due diligence.

7. The Authority will review the Supporting Information submitted by the licensee pursuant to paragraphs 5 and 6 and, within [3] months from the date that the Authority received all necessary Supporting Information, it will either:
 - (a) confirm the Commercial Operations Verification Date;
 - (b) reject the application, giving reasons; or
 - (c) inform the licensee that it requires additional time to consider and confirm the revised date on which it will respond on the basis of sub-paragraph (a) or (b).
 8. The licensee may not make a further application for the Authority to verify that the Commercial Operations Requirements have been satisfied pursuant to paragraph 4 until it considers that the Commercial Operations Requirements for the relevant Unit have been met.
 9. Any further request for the Authority to confirm that the Commercial Operations Requirements have been satisfied must follow the process set out in this Part A.
 10. If the licensee considers that it not able to satisfy one or more of the Commercial Operations Requirements, it must notify the Authority and the Secretary of State and must provide details of:
 - (a) any investigations and additional works undertaken to try to satisfy the Commercial Operations Requirements;
 - (b) the root cause analysis detailing why the relevant Commercial Operations Requirement(s) cannot be satisfied, including whether it considers this is due to a Qualifying Change in Law;
 - (c) the licensee's proposed approach to mitigating the non-compliance; and
 - (d) such other Supporting Information as the Authority or Secretary of State may request.
 11. Where paragraph 10 applies:
 - (a) where the licensee has demonstrated that the sole reason that the licensee cannot achieve the Commercial Operations Requirements is due to a Qualifying Change in Law, the Authority will:
 - (i) adjust the Commercial Operations Requirements so that the licensee is in a no better, no worse position than if the Qualifying Change in Law had not occurred; and
 - (ii) consider whether other licence modifications would be appropriate in the circumstances;
 - (b) the Authority may waive one or more of the Commercial Operations Requirements subject to such conditions as it considers appropriate; and
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- (c) the Authority will act in accordance with any direction from the Secretary of State to waive one or more of the Commercial Operations Requirements subject to any conditions as the Secretary of State considers appropriate.

Part B: Commercial Operations Requirements

12. The Commercial Operations Requirements are set out in this Part B.

Construction works completion

- 13. The completion of such procedures and tests in respect of a Unit that are in accordance with the Supply, Construction and Installation Contracts.
- 14. Evidence of the achievement of the licensee's management process milestone in respect of the readiness for [REDACTED] and [REDACTED] [REDACTED] for all systems.

Completion of active commissioning phase activities

- 15. The installation of equipment and completion of tests that are required to allow each Unit to operate safely and export power to the grid, evidenced as follows:
 - (a) all Communications Equipment relating to the Metering Equipment for each Unit is satisfactorily installed, commissioned, configured, operational, maintained and tested and is fully compliant with the BSC;
 - (b) the licensee is in compliance with Standard Condition 5 (*Compliance with Grid*) of this licence; and
 - (c) the licensee has [REDACTED] that are needed to enable the Proving Run.

Proving Run

- 16. The licensee has demonstrated to the Authority's satisfaction that the relevant Unit has completed [REDACTED] of continuous operation in accordance with Good Industry Practice and, throughout this period:
 - (a) the Actual Capacity of the Unit has remained at or above the Minimum Performance Target; and
 - (b) the power generated was exported to the grid.

■ [REDACTED]
■ [REDACTED]

Post Proving Run assurance

17. The licensee has provided Directors' Certificates to the Authority certifying that:
 - (a) each Unit is capable of producing the Minimum Performance Target, were it to be operated on a continual basis at the maximum capacity, without causing damage to it together with Supporting Information;
 - (b) there are no further planned post-Proving Run tests, or ONR licensing or permitting requirements, in each case linked to commissioning, that may result in planned downtime exceeding [REDACTED];
 - (c) the licensee can continue to operate in compliance with Standard Condition 5; and
 - (d) each Unit is capable of regular commercial operation in accordance with the manufacturers' guidelines for all material components, the provisions of this licence, the Nuclear Site Licence, environmental permits and all applicable regulatory requirements and legal requirements.
18. The licensee has provided evidence to demonstrate that it has secured sufficient fuel supplies for [REDACTED] Core reloads].

Special Condition 41. Timely Achievement of COD

Introduction

1. The purpose of this special condition is to set out the licensee's obligations to construct and commission the Units in a timely manner (so as to start commercial operations and revenue generation) and the consequences of failing to do so by Scheduled COD.

DWACC

2. In the event that the Commercial Operations Date in respect of one or more Units is not achieved by the Scheduled COD, when calculating the Return on Capital Building Block the Authority will replace the IWACC with the DWACC or the Blended WACC in accordance with this special condition from and including the day immediately following the Scheduled COD until the Commercial Operations Date.
3. From and including the day immediately following the Commercial Operations Date until 1 April following the PCR Determination, the Authority will apply the IWACC when calculating the Return on Capital Building Block.
4. In circumstances where:
 - (a) the DWACC is first triggered part way through the Charging Year; or
 - (b) the Commercial Operations Date is achieved part way through a Charging Year,

a Blended WACC will be calculated that weights the application of the IWACC and DWACC by the number of days during the Charging Year to which each relate as follows:

$$\text{Blended WACC} = \left(\text{IWACC} \cdot \frac{n}{365} \right) + \left(\text{DWACC} \cdot \frac{n}{365} \right)$$

Where:

IWACC	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>)
DWACC	has the meaning given to it in Special Condition 1
n	is the number of days in the Charging Year in respect of which the IWACC or DWACC applies

Special Condition 42. Extensions to Scheduled COD or the Longstop Date

Introduction

1. The purpose of this special condition is to set out the provisions that apply in circumstances where the licensee considers that the Commercial Operations Date has been delayed due to a Delay Event.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the process for the licensee to notify the Authority of a Delay Event;
 - (b) Part B provides details of the Scheduled COD Extension Application;
 - (c) Part C sets out the circumstances under which the Authority may grant an extension of time to Scheduled COD; and
 - (d) Part D provides for the making of an LSD Extension Application.

Part A: Notification of Delay Events

3. The licensee must notify the Authority as soon as reasonably practicable after, and in any event within [3] months of, becoming aware of a Delay Event which, in the reasonable opinion of the licensee, will result in a delay to COD.
 4. Any notice issued by the licensee pursuant to paragraph 3 must set out, as applicable:
 - (a) the nature of the event or circumstance leading to the delay;
 - (b) the length of any resulting delay that the licensee considers to have been caused as a consequence of that event or circumstance;
 - (c) how the resulting delay has been calculated;
 - (d) the reasons why the Delay Event has occurred or is ongoing; and
 - (e) the expected impact on the timing for achieving COD.
 5. Any notice issued pursuant to paragraph 3 must be accompanied by a Draft Mitigation Plan that must contain, as a minimum:
 - (a) full details of the corrective actions that the licensee has implemented or will implement to mitigate the impact of the Delay Event;
 - (b) details of any other potential mitigations that were considered and the reasons why they were not adopted;
 - (c) an assessment of the costs and benefit of taking the planned and potential mitigation actions referred to in paragraphs 5(a) [and 5(b)], in particular
-

including an assessment of the impact from a nuclear safety and environment perspective; and

- (d) any planned adjustments required to implement the mitigation and the corresponding impact, as relevant.
6. The licensee must provide the Authority with any Supporting Information that the Authority may reasonably require to enable it to consider the Draft Mitigation Plan.
7. As soon as possible following receipt of the Draft Mitigation Plan, and in any event within [6] months, the Authority will notify the licensee whether:
- (a) the Draft Mitigation Plan is the Approved Mitigation Plan;
 - (b) it approves the Draft Mitigation Plan, subject to reasonable adjustments to be reflected in the Approved Mitigation Plan, along with its reasons for such adjustments; or
 - (c) it does not approve the Draft Mitigation Plan, along with its reasons, which may include the licensee's failure to respond to the request for Supporting Information pursuant to paragraph 6; or
 - (d) where the Authority requires additional time to consider the Draft Mitigation Plan, the date on which the Authority will issue its decision in respect of such Draft Mitigation Plan.
8. The licensee must provide updates to the Authority regarding its implementation of the Approved Mitigation Plan on a quarterly basis and at such other times as the Authority may reasonably direct.
9. The licensee must identify any issues that may require the licensee to modify the Approved Mitigation Plan and must as soon as reasonably practicable:
- (a) submit any modification to the Authority for approval; and
 - (b) provide any Supporting Information reasonably requested by the Authority.

Part B: Scheduled COD Extension Application

10. The licensee may make a Scheduled COD Extension Application to the Authority where the Delay Event is a Qualifying Scheduled COD Delay Event if:
- (a) the licensee has submitted a Draft Mitigation Plan to the Authority and such Draft Mitigation Plan has been approved by the Authority in accordance with paragraph 7(a) or 7(b); and
 - (b) notwithstanding any Approved Mitigation Plan, the licensee assesses that the Commercial Operations Date of the relevant Unit will not occur on or before Scheduled COD.

11. If the licensee reasonably considers that the conditions set out in paragraph 10 are met and it wishes to request an extension to Scheduled COD, it must submit a Scheduled COD Extension Application to the Authority as soon as reasonably practicable, and in any event within 3 months of the time when the licensee is reasonably able to assess the impact of the Qualifying Scheduled COD Delay Event on Scheduled COD.
12. The licensee must submit with any Scheduled COD Extension Application:
 - (a) the Approved Mitigation Plan;
 - (b) the reasons why the licensee considers that the event or circumstance leading to the delay constitutes a Qualifying Scheduled COD Delay Event;
 - (c) the licensee's reasonable estimate of the duration by which Scheduled COD should be extended in response to the Qualifying Scheduled COD Delay Event, after taking into account the Approved Mitigation Plan; and
 - (d) any analysis or information that the licensee considers necessary to enable the Authority to fully assess the Scheduled COD Extension Application.
13. For the purposes of paragraph 12(d), where any additional analysis or information is not available to the licensee at the time of its submission of the Scheduled COD Extension Application, the licensee must:
 - (a) specify any such additional analysis or information items in its Scheduled COD Extension Application, together with an indication of when the licensee expects to provide the specified items to the Authority; and
 - (b) provide such additional analysis or information as soon as reasonably practicable after they become available.
14. The licensee must provide the Authority with any Supporting Information that the Authority may reasonably require to enable the Authority to consider the Scheduled COD Extension Application, and any time for determining the Scheduled COD Extension Application will run from the date on which the Authority receives the Supporting Information requested.
15. Any previously approved extension by the Authority to Scheduled COD is without prejudice to the licensee's right to request a further extension of time in respect of any new Qualifying Scheduled COD Delay Event that may arise after any extension has been approved.

Part C: Extension of Scheduled COD

16. In considering the Scheduled COD Extension Application, the Authority may take into consideration (without limitation), whether the Qualifying Scheduled COD Delay Event was caused by or contributed to by one or more of the following:
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- (a) an act of a third party (not including the Authority or any other Competent Authority);
 - (b) an act or omission of the Authority or any other Competent Authority;
 - (c) an event for which a contractor of the licensee is entitled to an extension of time to their completion date pursuant to the Construction Contract; or
 - (d) an act of prevention or default of the licensee.
17. If, in the Authority’s opinion, the Scheduled COD:
- (a) has been delayed by a Qualifying Scheduled COD Delay Event that the licensee has appropriately mitigated and managed, Scheduled COD will fall on such later date as the Authority may specify in any direction; or
 - (b) has not been delayed by a Qualifying Scheduled COD Delay Event, or the licensee has failed to appropriately mitigate or manage the delay, the Authority may notify the licensee by a direction that its application for an extension to Scheduled COD has been rejected.
18. The Authority will not specify a later date pursuant to paragraph 17(a) if the reason for the Qualifying Scheduled COD Delay Event has been caused or contributed to by the licensee.
19. The Authority must issue its interim determination within [6] months of the later of:
- (a) the date the licensee submitted the Scheduled COD Extension Application; or
 - (b) the date the Authority notifies the licensee that its Draft Mitigation Plan is the Approved Mitigation Plan; or
 - (c) if the Authority requested Supporting Information pursuant to paragraph 14, the date that the licensee submitted that Supporting Information; or
 - (d) where the Authority requires additional time to consider the Scheduled COD Extension Application, the date on which the Authority will issue its interim determination.
20. The Authority’s interim determination will specify:
- (a) where paragraph 17(a) applies:
 - (i) the length of any delay that, in the Authority’s opinion, was caused by the Qualifying Scheduled COD Delay Event; and
 - (ii) a revised Scheduled COD that takes into account such delay; or
 - (b) where paragraph 17(b) applies, the date on which the Scheduled COD will continue to fall;

- (c) the Authority's reasons for proposing to issue the direction under either paragraph 17(a) or 17(b).
21. The Authority's interim determination will
 - (a) be published on the Authority's Website;
 - (b) specify a period, which will not be less than 28 days, during which representations may be made by the licensee on the Authority's interim determination.
 22. Before making a final determination in respect of any Scheduled COD Extension Application, the Authority will consult with the licensee for the period set out in its notice of its interim determination, being a period of not less than 28 days.
 23. The direction under paragraph 17(a) or 17(b) will state the reasons for the Authority's decision and will be issued as soon as reasonably practicable after, and in any event within [6] months of, the period specified in the Authority's notice for the licensee to submit representations or objections.
 24. Within [6] months of the date of the Authority's interim determination, the Authority will:
 - (a) issue its final determination and modify the date of Scheduled COD accordingly; or
 - (b) where the Authority requires additional time to consider the Scheduled COD Extension Application, notify the licensee of the date on which the Authority will issue its final determination.

Part D: LSD Extension Application

25. If a Qualifying LSD Delay Event occurs, the licensee may make an LSD Extension Application and the conditions set out in Part B and Part C will apply to any such LSD Extension Application as if references to:
 - (a) Qualifying Scheduled COD Delay Event were to Qualifying LSD Delay Event;
 - (b) Scheduled COD were to the Longstop Date; and
 - (c) Scheduled COD Extension Application were to an LSD Extension Application.

Special Condition 43. Post Construction Review

Introduction

1. The purpose of this special condition is to establish the Post Construction Review process.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A establishes the timing of the Post Construction Review;
 - (b) Part B sets out what will be included in the PCR Determination; and
 - (c) Part C sets out the process for issuing the PCR Determination.

Part A: Timing of the Post Construction Review and PCR Determination

3. The Post Construction Review will commence on the Post Construction Review Start Date.
4. The licensee must ensure that, on or before the Post Construction Review Start Date, it has submitted:
 - (a) its PCR Business Plan in accordance with Special Condition 16 (*Business Plan Submission*);
 - (b) any other relevant Supporting Information as may be specified by the Authority to facilitate its PCR Determination.
5. Once the Authority is satisfied that it has received the information it requires to make its PCR Determination it will notify the licensee of the date of the PCR Determination.
6. The Authority will issue its PCR Determination:
 - (a) no earlier than the third anniversary of the Commercial Operations Date; and
 - (b) no later than [15] February in the final Charging Year of the Pre-PCR Phase.

Part B: Contents of the PCR Determination

7. The purpose of the Post Construction Review is for the Authority to determine, without limitation:
 - (a) the RWACC for the First Control Period, calculated in accordance with Special Condition 48 (*Return on Capital Building Block during the Operations Phase*);

- (b) the Target UCF that will apply in each Charging Year during the First Control Period, calculated in accordance with Special Condition 55 (*Availability Incentive*);
- (c) the Totex Capitalisation Rate that will apply in each Charging Year during the First Control Period, calculated in accordance with Special Condition 53 (*Totex Building Block*);
- (d) the Totex Allowance that will apply in each Charging Year during the First Control Period, calculated in accordance with Special Condition 53;
- (e) the Totex Sharing Factor that will apply in each Charging Year during the First Control Period, calculated in accordance with Special Condition 53;
- (f) the ODI Incentive Cap that will apply in each Charging Year during the First Control Period, calculated in accordance with Special Condition 53 and Special Condition 54 (*Market Price Adjustment Building Block*);
- (g) the ODI Incentive Floor that will apply in each Charging Year during the First Control Period, calculated in accordance with Special Condition 53 and Special Condition 54;
- (h) the Market Price Adjustment Sharing Factor that will apply in each Charging Year during the First Control Period, calculated in accordance with Special Condition 54;
- (i) the Operational Incentives Adjustment Floor that will apply in each Charging Year during the First Control Period, calculated in accordance with Special Condition 57 (*Operational Incentives Adjustment*); and/or
- (j) in respect of the Reference Price, determine whether:
 - (i) to continue to apply the same Reference Price; and/or
 - (ii) to specify a replacement Reference Price.

Part C: The PCR Determination

8. The Authority will issue its PCR Determination by notice to the licensee and will make such modifications to the special conditions as necessary to give effect to the PCR Determination.
9. The PCR Determination will be implemented from [1 April] in the Charging Year following the Charging Year in which the PCR Determination was delivered.

Special Condition 44. Relevant Change of Circumstance during the Pre-PCR Phase

Introduction

1. The purpose of this special condition is to establish the procedure for adjusting the level of the Higher Regulatory Threshold, the Lower Regulatory Threshold and the Opex Pre-PCR Allowance to account for the occurrence (including anticipated occurrence) of a Relevant Change of Circumstance in the Pre-PCR Phase.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the circumstances when the licensee may apply to the Authority for, or the Authority may instigate, an RCC Adjustment(s);
 - (b) Part B sets out the process by which the Authority will determine whether an RCC Trigger Event constitutes a Relevant Change of Circumstance that entitles the licensee to RCC Adjustment(s); and
 - (c) Part C sets out the RCC Cost Determination Process.

Part A: RCC Adjustment

3. One or more RCC Adjustments will be applied where:
 - (a) a Relevant Change of Circumstance:
 - (i) has occurred; or
 - (ii) is reasonably expected to occur in circumstances where the Authority is satisfied that it is necessary for the licensee to incur expenditure to ensure it will comply with the relevant change in advance of the Relevant Change of Circumstance taking place; and
 - (b) the occurrence of such Relevant Change of Circumstance has directly caused, or is reasonably likely to directly cause, the licensee to incur or save:
 - (i) Allowable Capital Spend, in excess of the Capex De Minimis Amount; and/or
 - (ii) Allowable Operational Spend, in excess of the Opex De Minimis Amount,in either case that would not have been incurred or saved but for the Relevant Change of Circumstance occurring, and each as determined by the Authority in accordance with and pursuant to Part C.

4. Notwithstanding any other provision of this licence:
 - (a) the licensee will not be entitled to an RCC Adjustment where the licensee is otherwise compensated in respect of the same cost, expenditure or loss; and
 - (b) if the licensee is at any time entitled to recover any sum from any party in respect of any matter or circumstance giving rise to an RCC Adjustment from any other entity, the licensee will take all necessary steps to enforce such recovery (and any such amounts recovered will be taken into account in the calculation of the RCC Adjustment).

Part B: Determination of a Relevant Change of Circumstance

5. Without prejudice to paragraph 9, the licensee must notify the Authority as soon as reasonably practicable after it becomes aware that a Qualifying Change in Law that may constitute an RCC Trigger Event leading to an RCC Adjustment has occurred, or has become effective, or is to be implemented, occur or become effective.
 6. If the Authority becomes aware of the occurrence of an RCC Trigger Event which may apply during the Pre-PCR Phase:
 - (a) where such event is expected to result in RCC Savings, the Authority may initiate an RCC Adjustment by notice to the licensee; or
 - (b) where such event is expected to result in RCC Spend, the Authority may initiate an RCC Adjustment with the licensee's consent.
 7. Any notice from the Authority pursuant to paragraph 6 will include a period of not less than 3 months for the licensee to make written representations to the Authority if it does not agree that an RCC Adjustment should be implemented.
 8. Following a notification from the licensee pursuant to paragraph 5 or a notification from the Authority pursuant to paragraph 6, the Authority may request such information as it reasonably requires to determine whether the relevant RCC Trigger Event will constitute a Relevant Change of Circumstance. Such information may include:
 - (a) details of the relevant RCC Trigger Event;
 - (b) the details of the scope of work carried out, or expected to be required in response to the relevant RCC Trigger Event;
 - (c) an initial Cost Estimate in respect of such RCC Trigger Event; and
 - (d) such other relevant Supporting Information as may be specified by the Authority to facilitate its determination.
-

9. The licensee may submit an application for an RCC Adjustment (including the information required by the Authority pursuant to paragraph 8) to the Authority by no later than six (6) months following:
 - (a) the licensee's notification pursuant to and in accordance with paragraph 5; or
 - (b) if no notification has been made by the licensee pursuant to paragraph 5, the date on which the relevant Qualifying Change in Law became effective or was otherwise implemented, or the licensee became aware (or may reasonably be expected to have become aware) of such relevant Qualifying Change in Law being implemented or becoming effective.
10. If the licensee has not submitted an application for an RCC Adjustment within the timeframe set out in paragraph 9, the Authority is not required to make an RCC Adjustment determination.
11. Where the Authority has initiated the RCC Adjustment, the licensee must submit the information required by the Authority within 6 months of the date of the Authority's notice pursuant to paragraph 8.
12. Within [4] months of the Authority receiving all relevant information from the licensee, it will notify the licensee:
 - (a) that the relevant RCC Trigger Event constitutes a Relevant Change of Circumstance;
 - (b) that the relevant RCC Trigger Event does not constitute a Relevant Change of Circumstance; or
 - (c) where the Authority requires additional time to consider the relevant RCC Trigger Event, the date on which the Authority will issue its determination in respect of such RCC Trigger Event.
13. The Authority will publish its determination pursuant to paragraph 12 on the Authority's Website.

Part C: RCC Cost Determination Process

14. Following an Authority notification that a Relevant Change of Circumstance has occurred in accordance with paragraph 12(a), the Authority will determine the value of the applicable RCC Adjustment(s) in accordance with the RCC Cost Determination Process set out in this Part C.
15. A notification issued by the Authority pursuant to paragraph 12(a) will specify any further information required by the Authority in order to determine the applicable RCC Adjustment(s). Such information may include:

- (a) an options assessment considering all solutions that:
 - (i) fully address the Relevant Change of Circumstance that has occurred or is expected to occur;
 - (ii) are physically viable for the Plant (acting in accordance with Good Industry Practice); and
 - (iii) are economic and efficient;
 - (b) detailed estimates of the RCC Spend and RCC Savings in relation to such Relevant Change of Circumstance, taking account of any previous Cost Estimates and broken down according to the RCC Capex Spend, RCC Opex Spend, RCC Capex Savings and RCC Opex Savings;
 - (c) confirmation that the implementation of each of the options identified by the licensee would be in compliance with all applicable regulations (including in relation to the safety and security of the Plant) issued by any Competent Authority; and
 - (d) such other Supporting Information as may be specified by the Authority to facilitate the RCC Cost Determination Process.
16. The licensee must submit to the Authority all information requested by the Authority for the RCC Cost Determination Process by the later of:
- (a) the end of the period stated by the Authority in its request (which will be 28 days unless the Authority states otherwise); and
 - (b) the last day of the [6 month] period granted to the licensee under paragraph 11.
17. Within [4] months of the Authority receiving all relevant information from the licensee, it will notify the licensee:
- (a) of its interim determination of any RCC Capex Net Amount, RCC Opex Net Amount and/or any RCC Adjustment; or
 - (b) where the Authority requires additional time for the RCC Cost Determination Process, the date on which the Authority will issue its interim determination of any RCC Capex Net Amount, RCC Opex Net Amount and/or any RCC Adjustment.
18. Any interim determination made by the Authority pursuant to paragraph 17, will:
- (a) be published on the Authority's Website;
 - (b) include a period, which will not be less than 28 days, during which representations may be made by the licensee on the Authority's interim determination.
-

19. Before making a final determination in respect of any RCC Adjustment, the Authority will consult with the licensee for the period set out in its notice of its interim determination, being a period of not less than 28 days.
20. Within [4] months of the last day of consultation period set out in Authority's notice of its interim determination, the Authority will notify the licensee:
 - (a) of its final determination of any RCC Capex Net Amount, RCC Opex Net Amount and/or any RCC Adjustment(s); or
 - (b) where the Authority requires additional time for such determination, the date on which the Authority will issue its final determination of any RCC Capex Net Amount, RCC Opex Net Amount and/or any RCC Adjustment(s).
21. Following a final determination of any RCC Adjustment, the Authority will modify this licence in such manner and to such extent as it considers necessary to reflect its final determination in respect of the applicable Relevant Change of Circumstance.
22. Where the Authority has determined that the LRT will be:
 - (a) increased by an amount, it will also increase the HRT by an equivalent pound for pound amount;
 - (b) decreased by an amount, it will also decrease the HRT by an equivalent pound for pound amount.

PART III. OPERATIONS PHASE

Chapter 8 Regulated Asset Base

Special Condition 45. Valuation of the Regulated Asset Base during the Operations Phase

Introduction

1. The purpose of this special condition is to:
 - (a) set out how spend will be logged to the Regulated Asset Base each Charging Year during the Operations Phase; and
 - (b) establish the obligations on the licensee in relation to the annual valuation of the Regulated Asset Base.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A outlines some principles for calculating the Regulated Asset Base to derive a value which is as accurate as practically possible and how this will be updated for more accurate data once available;
 - (b) Part B provides an overview of the process and timing for calculating the Regulated Asset Base during the Operations Phase;
 - (c) Part C establishes the calculation of the Opening RAB, the Closing RAB, the Present Value Closing RAB and the Average Present Value RAB for each Charging Year during the during the Operations Phase;
 - (d) Part D establishes RAB valuations to be calculated by the Authority and provided to the Secretary of State for the purposes of the Government Support Package; and
 - (e) Part E establishes the calculation of the RAB Addition for each Charging Year during the Operations Phase.

Part A: Regulated Asset Base during the Operations Phase

3. In calculating the value of the Regulated Asset Base in accordance with the provisions set out in this special condition, the Authority will rely on input data provided by the licensee for individual components the calculation.
4. Where possible, values provided by the licensee should reflect actuals but where actual data is not available at the time of submission, the licensee should provide a provisional value either:

- (a) if applicable, in accordance with the approach specified in the PCFM Handbook; or
 - (b) if the PCFM Handbook does not apply, the licensee's best estimate on the basis of the information available at the time.
5. Any values provided on a provisional basis must be updated by the licensee in the next Charging Year. Such updates will be reflected in calculating the value of the Regulated Asset Base in accordance with the provisions set out in this special condition when these are next re-run.
 6. Revisions to provisional values will also be reflected in the Allowed Revenue through the true-up process of Calculated Revenue (R_t) and therefore K_t (in accordance with Special Condition 47 (*Allowed Revenue during the Operations Phase*)).

Part B: Stating the Regulated Asset Base during the Operations Phase

7. The Opening RAB and Closing RAB each Charging Year in the Operations Phase are calculated in accordance with this special condition.
8. For the First Control Period, the Base Year is the Charging Year in which the Authority issues its PCR Determination ($\text{Charging Year}_{PCR}$). For each subsequent Control Period, the Base Year is the Charging Year in which the Authority issues its most recent PR Determination ($\text{Charging Year}_{PR}$).
9. In each Charging Year of the relevant Control Period, any additions or deductions to be made to the Regulated Asset Base will be deflated to the relevant Base Year prices, before being added to the RAB_{Base} to calculate the RAB in Base Year prices.
10. On or before [1 November] in each Charging Year $_t$ during the Operations Phase, the Opening RAB and the Closing RAB will be, calculated in accordance with Part C.

Part C: Calculation of the Opening RAB and the Closing RAB during the Operations Phase

11. The Opening RAB for the first Charging Year in the Operations Phase is the PCR-RAB.
12. The Opening RAB Regulated Asset Base for each Charging Year $_t$ starting from the second Charging Year in the Operations Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$ORAB_{t_{real}} = CRAB_{t-1}$$

Where:

Term	Description	Price Base
ORAB _{t_{real}}	means the Opening RAB, as 1 April in Charging Year _t	£ real (Base Year)
CRAB _{t-1}	means the Closing RAB for Charging Year _{t-1}	£ real (Base Year)

13. The Closing RAB for each Charging Year_t in the Operations Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$CRAB_{t_{real}} = CRAB_{PCR_{real}} + \sum_{n=CY_{Ops}}^t RA_n - \sum_{n=CY_{Ops}}^t Dep_n + \sum_{n=CY_{Ops}}^t RCI_n$$

Where:

Term	Description	Price Base
CRAB _{t_{real}}	means the Closing RAB, as at 31 March in Charging Year _t	£ real (Base Year)
CRAB _{PCR_{real}}	means the PCR-RAB	£ real (Base Year)
RA _n	means, for each Charging Year _n , the RAB Addition for that Charging Year calculated in accordance with Part E	£ real (Base Year)
Dep _n	means, for each Charging Year _n , the depreciation applicable for that Charging Year calculated in accordance with Special Condition 52 (<i>Depreciation Building Block</i>)	£ real (Base Year)
RCI _n	means, for each Charging Year _n , if applicable: (a) the PCR Capacity Incentive in real (Base Year) prices as determined by the Authority in accordance with Special Condition 29 (<i>PCR Capacity Incentive</i>); or (b) the Through Life Capacity Incentive in real (Base Year) prices as determined by the Authority in accordance with Special Condition 46 (<i>Through Life Capacity Incentive</i>)	[£ real (Base Year)]

CY_{Ops}	means the first Charging Year in the Operations Phase	N/A
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14. The Present Value Closing RAB for each Charging Year_{*t*} in the Operations Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$PV-CRAB_t = (CRAB_t) \cdot \frac{1}{1 + RWACC}$$

Where:

Term	Description	Price Base
$PV-CRAB_t$	means the Present Value Closing RAB for Charging Year _{<i>t</i>}	£ real (Base Year)
$CRAB_t$	means the Closing RAB for Charging Year _{<i>t</i>}	£ real (Base Year)
RWACC	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>)	N/A

15. The Average Present Value RAB for each Charging Year_{*t*} in the Operations Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$APV-RAB_t = \frac{(ORAB_t) + (PV-CRAB_t)}{2}$$

Where:

Term	Description	Price Base
$APV-RAB_t$	means the Average Present Value RAB for Charging Year _{<i>t</i>}	£ real (Base Year)
$ORAB_t$	means the Opening RAB for Charging Year _{<i>t</i>}	£ real (Base Year)
$PV-CRAB_t$	means the Present Value Closing RAB for Charging Year _{<i>t</i>}	£ real (Base Year)

Part D: Authority Stated RAB in the Operations Phase

16. Without prejudice to Part A, the Authority will, for the sole benefit of the Secretary of State (as the provider of the Government Support Package) state in each Charging Year_{*t*} during the Operations Phase:

- (a) the Closing RAB for Charging Year_{*t-2*} in real (Base Year) prices; and

(b) the Adjusted Closing RAB (Current Prices) for Charging Year_{t-2}.

17. The Adjusted Closing RAB (Current Prices) for Charging Year_{t-2} will be calculated in accordance with the following formula:

$$CRAB_{t-2_{current}} = CRAB_{t-2_{real}} \cdot PI_{t-2}$$

Where:

Term	Description	Price Base
$CRAB_{t-2_{current}}$	means the Adjusted Closing RAB (Current Prices), as at 31 March in Charging Year _{t-2}	£ nominal
$CRAB_{t-2_{real}}$	means the Closing RAB, as at 31 March in Charging Year _{t-2}	£ real (Base Year)
PI_{t-2}	means the Applicable CPIH Price Index Adjustment Factor for Charging Year _{t-2}	N/A

Part E: Calculation of the RAB Addition for each Charging Year in the Operations Phase

18. The RAB Addition for each Charging Year_n during the Operations Phase will be calculated in real (Base Year) prices in accordance with the following formula:

$$RA_{n_{real}} = ACTA_{n_{real,CPIH}} - Dis_n - IP_n$$

Where:

Term	Description	Price Base
$RA_{n_{real}}$	means the RAB Addition in Charging Year _n	£ real (Base Year)
$ACTA_{n_{real,CPIH}}$	means the Annual Capitalised Totex Amount for Charging Year _n	£ real (Base Year)
Dis_n	means the proceeds received from any Disposals in Charging Year _n in accordance with paragraph 20 of Special Condition 9 (<i>Disposals</i>)	£ real (Base Year)
IP_n	means any insurance proceeds (whether pursuant to commercial insurance arrangements or as may be provided by the Secretary of State pursuant to the Supplemental Compensation Agreement) received by the licensee in Charging Year _n in respect of a loss of either or both Units or any other part of the Plant, where such proceeds are not being applied to reinstate the lost Unit(s) or Plant	£ real (Base Year)

Special Condition 46. Through Life Capacity Incentive

Introduction

1. The purpose of this special condition is to set out the financial incentive on the licensee to ensure the Plant is maintained in a manner that ensures the Units meet the Baseline Target Capacity for the remainder of the Plant's Target Operational Life.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the process for determining the Baseline Target Capacity;
 - (b) Part B sets out the process for determining and applying the Through Life Capacity Incentive;
 - (c) Part C sets out how the Target Through Life Capacity Incentive is to be calculated;
 - (d) Part D establishes when the Target Through Life Capacity Incentive may be adjusted; and
 - (e) Part E sets out the calculation of the Through Life Capacity Incentive for each Charging Year in the Through Life Capacity Incentive Application Period.

Part A: Baseline Target Capacity

3. The Baseline Target Capacity may be modified:
 - (a) as part of the PCR Determination, in accordance with paragraph 9 of Special Condition 29 (*PCR Capacity Incentive*);
 - (b) where applicable, in accordance with paragraph 13 of Special Condition 29 (*PCR Capacity Incentive*); and/or
 - (c) where the Through Life Capacity Incentive applies in accordance with this special condition.
4. At least once in each Control Period, and additionally at such times as the Authority requests where it reasonably considers that there may be a variance of more than ■ between the Actual Capacity and the Baseline Target Capacity for both Units (in aggregate), the licensee is required to:
 - (a) conduct Output Testing; and
 - (b) inform the Authority of the Actual Capacity for each Unit demonstrated by the Output Testing.

5. If there is a variance of more than ■ between the Actual Capacity and the Baseline Target Capacity for both Units (in aggregate), the Authority will notify the licensee that it will:
- (a) apply the Through Life Capacity Incentive in accordance with Part B; and
 - (b) modify the Baseline Target Capacity of either or both Units to reflect the Actual Capacity,
- unless and to the extent the licensee can demonstrate, or the Authority otherwise reasonably considers that, the variance between the Actual Capacity and the current Baseline Target Capacity is sufficiently temporary that the action described in sub-paragraph (a) and/or (b) is not required.

Part B: Process for determining and applying the Through Life Capacity Incentive

6. Where:
- (a) either:
 - (i) at a Periodic Review, the Output Testing provided by the licensee prior to the relevant PR Determination demonstrates that there is a variance between the Actual Capacity of either or both Unit(s) and the Baseline Target Capacity for such Unit; or
 - (ii) the Output Testing at any other time demonstrates there is a variance of more than ■ between the Actual Capacity and the Baseline Target Capacity for both Units (in aggregate);
 - (b) the licensee has demonstrated to the Authority's satisfaction that the change in the Actual Capacity of either or both Unit(s) is not temporary; and
 - (c) if applicable, the PCR Capacity Incentive Application Period has expired,
- the Authority will notify the licensee that it intends to apply a Through Life Capacity Incentive.
7. If the Authority intends to apply a Through Life Capacity Incentive, it will notify the licensee of the same and give it not less than [2] weeks to make written representations to the Authority with respect to:
- (a) the Authority's determination that the licensee has not demonstrated that the reduction in the Actual Capacity of either or both Unit(s) is temporary; and/or
 - (b) the Authority's decision to apply the Through Life Capacity Incentive.
8. The Authority, having regard to any representations made by the licensee, will notify the licensee whether it intends to apply the Through Life Capacity Incentive.

9. Within [2] weeks of receipt of a notice pursuant to paragraph 8, the licensee must calculate the value of the Target Through Life Capacity Incentive in accordance with:
 - (a) if there is a Through Life Capacity Incentive Application Period ongoing, Part D; or
 - (b) in all other circumstances, Part C,in either case, on the basis of the Actual Capacity of the relevant Unit(s) at such time (as demonstrated by the Output Testing) and must submit this for the Authority's approval, together with Supporting Information.
10. Following consideration of the licensee's submission pursuant to paragraph 9, the Authority will:
 - (a) confirm that the licensee's calculation of the Target Through Life Capacity Incentive is accepted; or
 - (b) reject the licensee's calculation of the Target Through Life Capacity Incentive and substitute its own determination; or
 - (c) require further Supporting Information from the licensee to confirm whether the calculation of the Target Through Life Capacity Incentive can be accepted.
11. Where the Target Through Life Capacity Incentive is a positive number, this will result in an increase to the value of the Closing RAB of the Charging Year in which the Target Through Life Capacity Incentive is determined (being Charging Year_{TLCI}).
12. Where the Target Through Life Capacity Incentive is a negative number, the Authority will notify the licensee, as part of its PR Determination, how the Target Through Life Capacity Incentive is to be deducted from the value of the RAB, being applied either:
 - (a) in aggregate, by way of a one-off deduction to the Closing RAB of Charging Year_{TLCI}; or
 - (b) in annual deductions to the RAB value, commencing with the Closing RAB of Charging Year_{TLCI} and such other annual deductions during the Through Life Capacity Incentive Application Period determined by the Authority.
13. Where the Through Life Capacity Incentive is to be applied during a Through Life Capacity Incentive Application Period, each annual deduction to the RAB during such Through Life Capacity Incentive Application Period will be determined in accordance with Part E.

Part C: Calculating the Target Through Life Capacity Incentive

14. Subject to paragraph 16, the Target Through Life Capacity Incentive will be calculated in accordance with the following formula:

$$TRCI = ORAB_{TLCI} \cdot TL-CIM$$

Where:

Term	Description	Price Base
TRCI	means the Target Through Life Capacity Incentive	£ real (Base Year)
$ORAB_{TLCI}$	means the Opening Regulated Asset Base of Charging Year $TLCI$	£ real (Base Year)
TL-CIM	means the Through Life Capacity Incentive Multiplier for both Units (in aggregate) calculated in accordance with paragraph 15 for Charging Year $TLCI$ or if the Target Through Life Capacity Incentive is subsequently adjusted, the revised Through Life Capacity Incentive Multiplier calculated pursuant to Part D	N/A

15. The Through Life Capacity Incentive Multiplier for a Unit will be calculated in accordance with the following formula:

$$TL-CIM = \left(\frac{AC_{U1} + AC_{U2}}{BTC_{U1} + BTC_{U2}} \right) - 1$$

Where:

Term	Description
TL-CIM	means the Through Life Capacity Incentive Multiplier for both Units (in aggregate)
AC_{U1}	means the Actual Capacity (in MWe) for Unit 1
AC_{U2}	means the Actual Capacity (in MWe) for Unit 2
$BTCL_{U1}$	means the Baseline Target Capacity for Unit 1
BTC_{U2}	means the Baseline Target Capacity for Unit 2

16. The Aggregate Capacity Incentive must not exceed the Maximum RAB Capacity Incentive, calculated in accordance with paragraph 17.
17. The Maximum RAB Capacity Incentive applies a cap and floor threshold to the Aggregate Capacity Incentive such that:
- (a) the aggregate RAB accretion that may be applied pursuant to Aggregate Capacity Incentive is no greater than [REDACTED] of the PCR-RAB; and

- (b) the aggregate RAB deduction that may be applied pursuant to Aggregate Capacity Incentive is no less than [REDACTED] of the PCR-RAB.

Part D: Changes to the Target Through Life Capacity Incentive

- 18. If, during the Through Life Capacity Incentive Application Period:
 - (a) there is a variance of more than [REDACTED] between the Actual Capacity and the Baseline Target Capacity for both Units (in aggregate); and
 - (b) the licensee has demonstrated to the Authority's satisfaction that the change in the Actual Capacity of either or both Unit(s) (as the case may be) is not temporary,

the Authority will recalculate the Through Life Capacity Incentive Multiplier and adjust the Target Through Life Capacity Incentive.
- 19. If the Authority adjusts the Target Through Life Capacity Incentive it will also adjust the Baseline Target Capacity of each Unit to reflect the Actual Capacity of each Unit demonstrated by the most recent Output Testing.
- 20. Adjustments made by the Authority pursuant to this Part D may include:
 - (a) adjustments to the Through Life Capacity Incentive Application Period;
 - (b) subject to paragraph 12, adjustments to the Target Through Life Capacity Incentive amount; and/or
 - (c) adjustments to the revised Target Through Life Capacity Incentive to take account of any Capacity Capex Amount,and, in any case, will be notified to the licensee by the Authority.

Part E: Calculating each Through Life Capacity Incentive

- 21. The Authority will determine the value of the Through Life Capacity Incentive to be applied to the Closing RAB of Charging Year_{TLCI}, provided that:
 - (a) where the Target Through Life Capacity Incentive is a positive number, the Through Life Capacity Incentive to be added to the Closing RAB of Charging Year_{TLCI} will be equal to the Target Through Life Capacity Incentive less any Capacity Capex Amount; and
 - (b) where the Target Through Life Capacity Incentive is a negative number, the Through Life Capacity Incentive to be added to the Closing RAB of Charging Year_{TLCI} will be no greater than the Target Through Life Capacity Incentive.
- 22. Where paragraph 12(b) applies, for each other Charging Year_i during the Through Life Capacity Incentive Application Period (starting from Charging Year_{TLCI+1}), the

Through Life Capacity Incentive to be added to the Closing RAB of that Charging Year_{*t*} will be calculated in accordance with the following formula:

$$RCI_t = \frac{TRCI_t - CRCI_{t-1}}{p + 1 - n} \cdot IF_t$$

Where:

Term	Description	Price Base
RCI_t	means the Through Life Capacity Incentive for Charging Year _{<i>t</i>}	£ real (Base Year)
$TRCI_t$	means the Target Through Life Capacity Incentive for Charging Year _{<i>t</i>} (being the Target Through Life Capacity Incentive at the most recent Charging Year _{<i>TLCI</i>})	£ real (Base Year)
$CRCI_{t-1}$	means the cumulative Through Life Capacity Incentive amounts applied since the Target Through Life Capacity Incentive was last set, up to and including Charging Year _{<i>t-1</i>} calculated in accordance with paragraph 23	£ real (Base Year)
p	means the number of Charging Years in the Through Life Capacity Incentive Application Period	N/A
n	means the repayment year within the Through Life Capacity Incentive Application Period, where n equals one in the first year of the Through Life Capacity Incentive Application Period	N/A
IF_t	means the indexation factor for Charging Year _{<i>t</i>} calculated in accordance with paragraph 24	N/A

23. The cumulative Through Life Capacity Incentives until Charging Year_{*t-1*} will be calculated in accordance with the following formula:

$$CRCI_{t-1} = \sum_{i=CY_{TLCI}}^{t-1} RCI_i$$

Where:

Term	Description	Price Base
$CRCI_{t-1}$	means the cumulative Through Life Capacity Incentives until Charging Year _{<i>t-1</i>}	£ real (Base Year)

RCI_i	means, for any Charging Year $_i$, the Through Life Capacity Incentive included in the Closing RAB for that Charging Year calculated in accordance with paragraph 22	£ real (Base Year)
CY_{TLCI}	means Charging Year $_{TLCI}$	N/A

24. The indexation factor for any Charging Year $_t$ will be calculated in accordance with the following formula:

$$IF_t = \prod_{i=CY_{TLCI+1}}^t (1 + RWACC_{i-1})$$

Where:

Term	Description
IF_t	means the indexation factor for Charging Year $_t$
$RWACC_{i-1}$	means the RWACC for Charging Year $_{i-1}$
CY_{TLCI+1}	means Charging Year $_{TLCI+1}$

Chapter 9 Allowed Revenue

Special Condition 47. Allowed Revenue during the Operations Phase

Introduction

1. The purpose of this special condition is to:
 - (a) provide an overview of the formula that the Authority will use to calculate the licensee's Allowed Revenue for each Charging Year during the Operations Phase; and
 - (b) set out when future reconciliations to the Allowed Revenue may be applied.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A provides the Allowed Revenue calculation in the Operations Phase.
 - (b) Part B sets out the calculation of the K-factor true up.

Part A: Calculation of the Allowed Revenue during the Operations Phase

3. The Allowed Revenue payable to the licensee for any Charging Year_t in the Operations Phase will be calculated in accordance with the following formula:

$$AR_t = R_t \cdot PI_t + SUR_t + BB_t + OIA_t + K_t$$

Where:

Term	Description	Price Base
AR _t	means the Allowed Revenue for the relevant Charging Year _t	£ Charging Year _t
R _t	means the Calculated Revenue for the relevant Charging Year _t , as calculated in accordance with paragraph 4	£ real (Base Year)
PI _t	means the Applicable CPIH Price Index Adjustment Factor for Charging Year _t	N/A
SUR _t	means the Significant Unavailability Revenue Support Building Block for the relevant Charging Year _t , calculated in accordance with Part B (<i>Significant Unavailability Revenue Support amount</i>) of Special Condition 56 (<i>Revenue Support</i>)	£ Charging Year _t

BB _t	means the Buyback of Power Revenue Support building block for the relevant Charging Year _t calculated in accordance with Part D (<i>Buyback of Power Revenue Support amount</i>) of Special Condition 56	£ Charging Year _t
OIA _t	means the Operational Incentives Adjustment building block for the relevant Charging Year _t calculated in accordance with Special Condition 57 (<i>Operational Incentives Adjustment</i>)	£ Charging Year _t
K _t	means the K-factor for Charging Year _t , as calculated in accordance with Part B	£ Charging Year _t

4. R_t for each Charging Year_t in the Operations Phase will be calculated in accordance with the following formula:

$$R_t = BR_t + Tax_t + MPA_t + AI_t + ORSA_t + BBR_t + OIR_t$$

Where;

Term	Description	Price Base
R _t	means the Calculated Revenue for the relevant Charging Year _t	£ real (Base Year)
BR _t	means the Base Revenue for the relevant Charging Year _t	£ real (Base Year)
Tax _t or Tax Building Block	means the Tax Building Block for the relevant Charging Year _t calculated in accordance with Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>)	£ real (Base Year)
MPA _t	means the Market Price Adjustment Building Block for the relevant Charging Year _t calculated in accordance with Special Condition 54 (<i>Market Price Adjustment Building Block</i>)	£ real (Base Year)
AI _t	means the Availability Incentive Building Block for the relevant Charging Year _t , calculated in accordance with Part C (<i>Availability Incentive</i>) of Special Condition 55 (<i>Availability Incentive</i>)	£ real (Base Year)
ORSA _t	means the Outstanding Revenue Support Adjustment Building Block for the relevant Charging Year _t , calculated in accordance with	£ real (Base Year)

	Part C (<i>Significant Unavailability Revenue Support repayments</i>) of Special Condition 56 (<i>Revenue Support</i>)	
BBR _t	means the Buyback of Power Repayment Building Block for the relevant Charging Year _t calculated in accordance with Part F (<i>Buyback of Power repayments</i>) of Special Condition 56 (<i>Revenue Support</i>)	£ real (Base Year)
OIR _t	means the Operational Incentives Repayment Building Block for the relevant Charging Year _t calculated in accordance with Part B (<i>Operational Incentives Adjustment Repayment Amount</i>) of Special Condition 57 (<i>Operational Incentives Adjustment</i>)	£ real (Base Year)

5. BR_t for each Charging Year_t in the Operations Phase will be calculated in accordance with the following formula:

$$BR_t = RoC_t + \left(\frac{FDP_t}{PI_t} \right) + PT_t + Depn_t + TTx_t$$

Where:

Term	Description	Price Base
BR _t	means the Base Revenue for the relevant Charging Year _t	£ real (Base Year)
RoC _t or Return on Capital Building Block	means the Return on Capital Building Block for the relevant Charging Year _t calculated in accordance with Special Condition 48 (<i>Return on Capital Building Block during the Operations Phase</i>)	£ real (Base Year)
FDP _t or FDP Allowance Building Block	means the FDP Allowance Building Block for the relevant Charging Year _t calculated in accordance with Special Condition 50 (<i>FDP Allowance Building Block during the Operations Phase</i>)	£ Charging Year _t
PI _t	means the Applicable CPIH Price Index Adjustment Factor for Charging Year _t	N/A
PT _t or Pass-Through Costs Building Block	means the Pass-Through Costs Building Block for the relevant Charging Year _t calculated in accordance with Special Condition 51	£ real (Base Year)

	<i>(Pass-Through Costs Building Block during the Operations Phase)</i>	
Depn _t	means the Depreciation Building Block for the relevant Charging Year _t calculated in accordance with Special Condition 52 (<i>Depreciation Building Block</i>)	£ real (Base Year)
TTx _t	means the Totex Building Block for the relevant Charging Year _t calculated in accordance with Special Condition 53 (<i>Totex Building Block</i>)	£ real (Base Year)

Part B: K-factor true up

6. The K-factor true up in each Charging Year_t in the Operations Phase takes into account the replacement of forecast, provisional or estimated values with actual out-turn values for the following building blocks:
 - (a) Return on Capital Building Block;
 - (b) Pass-Through Costs Building Block;
 - (c) Depreciation Building Block; and
 - (d) Totex Building Block.
7. The K-factor true up also takes into account the correction of errors and revisions of data identified as a result of assurance activities.
8. The K-factor for each Charging Year_t will be calculated in accordance with the following formula:

$$K_t = (AR_{t-2} - RR_{t-2})(1 + TVM_{t-1})(1 + TVM_{t-2})$$

Where:

Term	Description	Price Base
K _t	means the K-factor for the relevant Charging Year _t	£ Charging Year _t
AR _{t-2}	means the Allowed Revenue for Charging Year _{t-2} , as calculated in accordance with paragraph 3 taking account of any adjustments in accordance with paragraphs 6 and 7	£ nominal
RR _{t-2}	means the Recovered Revenue for Charging Year _{t-2} calculated in accordance with paragraph 9	£ nominal

TVM_{t-1}	means the Time Value of Money for Charging Year $_{t-1}$ calculated in accordance with paragraph 11	N/A
TVM_{t-2}	means the Time Value of Money for Charging Year $_{t-2}$ calculated in accordance with paragraph 11	N/A

9. The Recovered Revenue for each Charging Year $_{t-2}$ will be calculated in accordance with the following formula:

$$RR_{t-2} = DP_{t-2} + MR_{t-2}$$

Where:

Term	Description	Price Base
RR_{t-2}	means the Recovered Revenue for Charging Year $_{t-2}$, after deduction of value added tax (if any) and any other taxes charged directly by reference to the amounts so derived	£ nominal
DP_{t-2}	means the total Difference Payments that the licensee received in Charging Year $_{t-2}$	£ nominal
MR_{t-2}	means the Actual Market Revenue for Charging Year $_{t-2}$	£ nominal

10. TVM_t for each Charging Year $_t$ in the Operations Phase will be calculated in accordance with the following formula:

$$TVM_t = \left[(1 + RWACC_t) \frac{PI_{t+1}}{PI_t} \right] - 1$$

Where:

TVM_t	means the Time Value of Money for the relevant Charging Year $_t$
$RWACC_t$	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>)
PI_{t+1}	means CPIH for Charging Year $_{t+1}$
PI_t	means CPIH for Charging Year $_t$

Special Condition 48. Return on Capital Building Block during the Operations Phase

Introduction

1. The purpose of this special condition is to calculate the value of the Return on Capital Building Block for each Charging Year during the Operations Phase.

Return on Capital Building Block during the Operations Phase

2. The Return on Capital Building Block for each Charging Year in the Operations Phase will be calculated in accordance with the following formula:

$$ROC_t = (Average PV - RAB_t) \cdot RWACC_t$$

Where:

Term	Description	Price Base
RoC _t	means the Return on Capital Building Block in Charging Year _t	£ real (Base Year)
Average PV-RAB _t	means the Average Present Value RAB in for Charging Year _t	£ real (Base Year)
RWACC _t	has the meaning given to it in Special Condition 1 (<i>Interpretation and Definitions</i>)	N/A

3. The Authority will set the RWACC:
 - (a) for the First Control Period, at the PCR Determination; and
 - (b) for each subsequent Control Period at the most recent PR Determination.

Special Condition 49. Tax Building Block during the Operations Phase

Introduction

1. The purpose of this special condition is to provide a tax allowance to compensate the licensee each Charging Year during the Operations Phase for efficient Corporation Tax payments.
2. Structure of this special condition
 - (a) Part A sets out details of the calculation of the Tax Building Block;
 - (b) Part B sets out when the tax allowance clawback mechanism will be triggered;
 - (c) Part C provides details of the process that the Authority will follow before determining any Tax Allowance Adjustment;
 - (d) Part D sets out the obligation on the licensee to send the Authority an annual assurance statement in relation to the Tax Reconciliation; and
 - (e) Part E provides details of steps that the Authority may take at the end of the Regulatory Period.

Part A: Tax Building Block

3. The Tax Building Block forms part of the annual Allowed Revenue calculation and is calculated on a notional basis to reflect an amount allowed by the Authority in respect of Corporation Tax paid, allowed or received in the relevant Charging Year_{*t*} by the licensee.
4. The approach to calculating the Tax Building Block amount will be determined in accordance with the Price Control Financial Instruments.
5. In any Charging Year_{*t*} where the licensee's liability to pay or receive an amount in respect of Corporation Tax or any Corporation Tax rebate or allowance is zero, unless other reconciliations or adjustments apply in accordance with this special condition, the Tax Building Block amount will be zero.
6. Each Charging Year during the Operations Phase, the value of the Tax Building Block will be calculated in accordance with the following formula:

$$Tax_t = TAX_t +/ - TAXA_t$$

Where:

Term	Description	Price Base
Tax _t or Tax Building Block	means the Tax Building Block for the relevant Charging Year _t	£ real (Base Year)
TAX _t	means the Calculated Tax Allowance and has the value set out in cell [●] of [name] sheet of the Price Control Financial Model for the relevant Charging Year _t , provided that in any Charging Year _t where the licensee's liability to pay or receive an amount in respect of Corporation Tax or any Corporation Tax rebate or allowance is zero its value will be zero	£ real (Base Year)
TAXA _t	means the Tax Allowance Adjustment that is to be applied to adjust the Allowed Revenue in accordance with a direction issued by the Authority pursuant to Part C	N/A

Part B: Tax Clawback

7. If the licensee's Actual Corporation Tax Liability is less than the amount of the Tax Building Block in Charging Year_{t-2} and such variation is due to a divergence between the licensee's actual gearing and the notional gearing assumption made by the Authority for the purposes of setting the Tax Building Block, the Authority may deduct this from the Allowed Revenue in Charging Year_t.

Part C: Tax Allowance Adjustment (TAXA_t)

8. The Authority will consider whether a tax adjustment is appropriate and, if so, determine the Tax Allowance Adjustment amount (the TAXA_t).
9. The effect is to adjust the Allowed Revenue, if required, following a review of material differences between the licensee's Calculated Tax Allowance and its Actual Corporation Tax Liability, in accordance with Chapter [●]⁵⁰ of the Price Control Financial Handbook.

⁵⁰ **Note:** Reference to be to the relevant chapter of the PCFM Handbook once finalised.

Undertaking a tax review

10. The Authority may undertake a tax review of any material differences between the licensee's Calculated Tax Allowance and its Actual Corporation Tax Liability, in accordance with Chapter [●]⁵¹ of the Price Control Financial Handbook.
11. Where the Authority notifies the licensee that it has decided to undertake a tax review and given the reasons for that decision, the licensee must:
 - (a) procure an Appropriately Qualified Independent Examiner to examine the differences between the licensee's Calculated Tax Allowance and its actual tax liability and submit a report to the Authority;
 - (b) carry out any reasonable steps specified by the Authority for such a procurement and comply with any requirements reasonably specified by the Authority as to the terms of appointment of the Appropriately Qualified Independent Examiner;
 - (c) ensure that the Appropriately Qualified Independent Examiner carries out the work within the scope, and by the date, reasonably specified by the Authority after discussing with the Appropriately Qualified Independent Examiner; and
 - (d) send to the Authority a report from the Appropriately Qualified Independent Examiner in the form, and containing the content, specified by the Authority, after discussing with the Appropriately Qualified Independent Examiner.
12. Following receipt of the Appropriately Qualified Independent Examiner's report, the Authority will:
 - (a) determine any adjustment to the value of the TAXA_t term that it considers should be made taking account of the report;
 - (b) specify the Charging Years to which that adjustment relates; and
 - (c) set out its reasons for its assessment under sub-paragraphs (a) and (b).

Part D: Tax Reconciliation assurance statement

13. This Part D requires the licensee to send to the Authority an annual assurance statement in relation to the Tax Reconciliation template and sets out the form of that statement.

⁵¹ **Note:** Reference to be to the relevant chapter of the PCFM Handbook once finalised.

Assurance Statement

14. The licensee must, by [31 July] of each Charging Year, send to the Authority an assurance statement, relating to Charging Year_{*t-2*} that:
 - (a) has been approved by a resolution of the licensee’s Board; and
 - (b) is set out in the form prescribed in paragraph 15 or, where paragraph 16 applies, in the form prescribed in paragraph 17.
15. “In accordance with the requirements of paragraph 14 of Special Condition 49 (*Tax Building Block during the Operations Phase*), the Directors of [licensee] (“the licensee”) hereby certify that for the Charging Year [Charging Year_{*t-2*}], in their opinion:
 - (a) the adjusted notional tax allowance as shown in the Tax Reconciliation template represents a fair interpretation of the licensee’s adjusted actual corporation tax liability as shown in the licensee’s Company Tax Return (CT600);
 - (b) the Tax Reconciliation has been submitted to the Office of Gas and Electricity Markets along with a copy of:
 - (i) the licensee’s most recent CT600 as submitted to His Majesty’s Revenue and Customs;
 - (ii) the licensee’s most recently submitted Senior Accounting Officer (SAO2) certificate as per sub-paragraph (i); and
 - (iii) the licensee’s published Tax Strategy;
 - (c) where appropriate, further information has also been provided to support and explain reconciling items in accordance with the Price Control Financial Guidance;
 - (d) all adjustments made have been appropriately explained in the Tax Reconciliation supporting commentary; and
 - (e) reconciling differences have been appropriately explained and any remaining, unexplained difference is considered immaterial, in aggregate.”
16. Where the licensee anticipates a material variance to arise in the Tax Reconciliation as described in Chapter [●]⁵² of the Price Control Financial Handbook, the prescribed form for the assurance statement is set out in paragraph 17.
17. “In accordance with the requirements of paragraph 14 of Special Condition 49 (*Tax Building Block during the Operations Phase*), the Directors of [licensee] (“the

⁵² **Note:** Reference to be to the relevant chapter of the PCFM Handbook once finalised.

licensee”) hereby certify that for the Charging Year [Charging Year_{t-2}], in their opinion:

- (a) the adjusted notional tax allowance as shown in the Tax Reconciliation template does not represent a fair interpretation of the licensee’s adjusted actual corporation tax liability as shown in the licensee’s Company Tax Return (CT600);
- (b) the Tax Reconciliation has been submitted to the Office of Gas and Electricity Markets along with a copy of:
 - (i) the licensee’s most recent CT600 as submitted to His Majesty’s Revenue and Customs;
 - (ii) the licensee’s most recently submitted Senior Accounting Officer (SAO2) certificate as per sub-paragraph (i); and
 - (iii) the licensee’s published Tax Strategy;
- (c) where appropriate, further information has also been provided to support and explain reconciling items in accordance with the Price Control Financial Guidance;
- (d) all adjustments made have been appropriately explained in the Tax Reconciliation supporting commentary; and
- (e) a notification has been given to the Authority under Chapter [●]⁵³ of the Price Control Financial Handbook.

Part E: End of life tax matters

- 18. The Authority may conduct a review of the licensee’s obligations in relation to tax and the approach to setting the Tax Building Block at any time where the Authority considers that there may be less than [5] years until the expiry of the Regulatory Period.

⁵³ **Note:** Reference to be to the relevant chapter of the PCFM Handbook once finalised.

Special Condition 50. FDP Allowance Building Block during the Operations Phase

Introduction

1. The purpose of this special condition is to set out how the FDP Allowance Building Block will be calculated during the Operations Phase.

FDP Allowance Building Block

2. The licensee will be entitled to an annual FDP Allowance as part of its Allowed Revenue in respect of amounts (if any) required to be paid by the licensee into the FDP Fund and any operational expenditure incurred by FundCo.
3. Subject to paragraph 4, the FDP Allowance Building Block for each Charging Year_t will be calculated in accordance with the following formula:

$$FDP_t = AC_t + FC_t$$

Where:

Term	Description	Price Base
FDP _t or FDP Allowance Building Block	means the FDP Allowance for the relevant Charging Year _t	£ Charging Year _t
AC _t	means the FDP Annual Contribution for the relevant Charging Year _t , as set out in the applicable Approved Contributions Notice, subject to paragraphs 7, 8 and 9 of Special Condition 13 (<i>Funded Decommissioning Programme</i>)	£ Charging Year _t
FC _t	means any costs incurred (or forecast to be incurred) by FundCo in implementing its obligations [and, if applicable, exercising its rights] under or in relation to the FDP, and subject to the licensee's obligations and the Authority's audit process under Pass-Through Costs Audit	£ Charging Year _t

4. The aggregate of FDP Allowance Building Block for each Charging Year during the Partial Revocation Period shall not exceed the FDP Final Amount.

Special Condition 51. Pass-Through Costs Building Block during the Operations Phase

Introduction

1. The purpose of this special condition is to calculate the value of the Pass-Through Costs Building Block applicable during the Operations Phase, to ensure that the licensee's Allowed Revenue reflects those costs that are outside the control of the licensee and that are approved by the Authority as being passed through to consumers.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the formula for calculating the licensee's Pass-Through Costs during the Operations Phase;
 - (b) Part B provides details of the Pass-Through Costs Audit; and
 - (c) Part C sets out the review process that the Authority will undertake in respect of the licensee's Pass-Through Costs.

Part A: Calculation of the Pass-Through Costs

3. The licensee will be entitled to an annual allowance, on a pass through basis, in respect of specified costs incurred or to be incurred by the licensee in connection with the Project that are outside of its control.
4. The Authority may request evidence from the licensee in support of any costs incurred by the licensee in respect of which it is entitled to account for as part of the Pass-Through Costs Building Block.
5. The Authority will calculate the value of the Pass-Through Costs Building Block as follows:

$$PT_t = Fees_t + PR_t + CNC_t + GC_t$$

Where:

Term	Description	Price Base
PT_t	means the Pass-Through Costs in each relevant Charging Year _t	£ real (Base Year)
$Fees_t$	means:	£ real (Base Year)

	<p>(a) the Fee payable by the licensee to the Authority in each relevant Charging Year pursuant to Special Condition 3 (<i>Fees</i>);</p> <p>(b) any fees payable by the licensee to the ONR;</p> <p>(c) any fees payable by the licensee (in its capacity as an electricity generator) to the Secretary of State;</p> <p>(d) any fees payable by the licensee to the Environment Agency; and</p> <p>(e) costs of the Revenue Collection Counterparty, in each case, after excluding any amounts that constitute Excluded Project Spend and subject to the licensee's obligations and the Authority's audit process under Part B</p>	
PR_t	means the Prescribed Rates payable by the licensee in each relevant Charging Year, after excluding any amounts that constitute Excluded Project Spend and subject to the licensee's obligations and the Authority's audit process under Part B	£ real (Base Year)
CNC_t	means, in respect of the relevant Charging Year, the costs of complying with civil nuclear constabulary requirements for security at the Site, after excluding any amounts that constitute Excluded Project Spend and subject to the licensee's obligations and the Authority's audit process under Part B	£ real (Base Year)
GC_t	<p>means grid costs, being, in respect of the relevant Charging Year:</p> <p>(a) the amounts payable by the licensee in respect of BSUoS Charges and TNUoS Charges;</p> <p>(b) the amounts payable to the ESO towards the cost of providing, operating and maintaining sole use assets; and</p> <p>(c) any other industry charges that the ESO may be entitled to charge the licensee in the ordinary course of business and which the ESO is entitled to charge other generators under the terms of the ESO licence,</p>	£ real (Base Year)

	in each case, excluding grid connection costs and any other Excluded Project Spend and subject to the licensee's obligations and the Authority's audit process under Part B	
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Part B: Pass-Through Costs Audit

6. [18] months prior to each Periodic Review Start Date the licensee must submit to the Authority, as part of its Business Plan submission, a Pass-Through Costs Audit.
7. The licensee must ensure that the Pass-Through Costs Audit is conducted in accordance with the process set out in the Pass-Through Costs Audit Guidance, published on the Authority's Website from time to time.
8. The Authority will issue and amend the Pass-Through Costs Audit Guidance by direction.
9. The provisions of the Pass-Through Costs Audit Guidance will be tailored to what is necessary to achieve the purposes of this special condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions relative to the impact on consumers of Pass-Through Costs reporting errors.
10. Before issuing or amending the Pass-Through Costs Audit Guidance by direction the Authority will publish on the Authority's Website:
 - (a) the proposed text of the new or amended Pass-Through Costs Audit Guidance;
 - (b) the date on which the Authority intends the new or amended Pass-Through Costs Audit Guidance to come into effect;
 - (c) the reasons for the new or amended Pass-Through Costs Audit Guidance; and
 - (d) a period during which representations may be made on the new or amended Pass-Through Costs Audit Guidance, which will not be less than 28 days.

Part C: Review procedure

11. The licensee must engage with:
 - (a) the Relevant Valuation Authority and use all reasonable endeavours to minimise its liabilities in respect of the Prescribed Rates; and
 - (b) the civil nuclear constabulary and use all reasonable endeavours to minimise the costs of civil nuclear constabulary to what is reasonably necessary to comply with the licensee's legal requirements to maintain security at the Site,

taking into account the costs that may be shared proportionately with adjacent sites such as Sizewell A and Sizewell B.⁵⁴

12. The Authority may review the licensee's engagement with the:
 - (a) Relevant Valuation Authority with respect to a revaluation; and
 - (b) the civil nuclear constabulary in respect of any civil nuclear constabulary security costs.
13. If, after reviewing the licensee's engagement in accordance with paragraph 12 and requesting any Supporting Information required from the licensee, the Authority considers that the licensee has not complied with paragraph 11, the Authority may adjust the value of the Pass-Through Costs by direction.
14. Before making a direction under paragraph 13 the Authority must publish on the Authority's Website:
 - (a) the text of the proposed direction;
 - (b) the reasons for the proposed direction; and
 - (c) a period during which representations [or objections] may be made on the proposed direction, which must not be less than 28 days.
15. A direction under paragraph 13:
 - (a) may not specify a different value for the Pass-Through Costs for the Charging Year following the Charging Year in which the revaluation took place or for any earlier Charging Year; and
 - (b) may not specify a different value for the Pass-Through Costs that is less than zero.

⁵⁴ **Note:** The costs of the nuclear constabulary should be shared equally with Sizewell A and Sizewell B, to the extent relevant.

Special Condition 52. Depreciation Building Block

Introduction

1. The purpose of this special condition is to set out the approach to depreciation of the RAB and how the Depreciation Building Block amount will be determined.

Depreciation

2. On and from 1 April following the PCR Determination:
 - (a) the Depreciation Building Block forms part of the annual Allowed Revenue calculation; and
 - (b) the value of the Depreciation Building Block for Charging Year_{*t*} is deducted from the value of the RAB in Charging Year_{*t*} in accordance with Special Condition 45 (*Valuation of the Regulated Asset Base during the Operations Phase*).
3. The Depreciation Building Block will have the value set out in [name] sheet of the Price Control Financial Model.
4. For each Control Period following the First Control Period, the licensee may propose as part of its Business Plan and the Authority will determine, the applicable depreciation profile included in the Price Control Financial Model.

Special Condition 53. Totex Building Block

Introduction

1. The purpose of this special condition is to provide for the determination of the Totex Allowance, the Totex Capitalisation Rate, the Totex Building Block and the Totex Incentive applicable during each Charging Year during the Operations Phase.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the process for determining the Totex Allowance;
 - (b) Part B sets out the determinations the Authority will make in relation to Totex at the PCR Determination and each PR Determination thereafter;
 - (c) Part C sets out the calculation of the Totex Incentive for each Charging Year during the Operations Phase;
 - (d) Part D sets out the calculation of the Totex Building Block and the Annual Capitalised Totex Amount for each relevant Charging Year; and
 - (e) Part E sets out the circumstances in which the licensee may apply for an exceptional adjustment to its Totex Allowance.

Part A: Totex Allowance

3. At the PCR Determination and each subsequent PR Determination to the end of the Initial Regulatory Period, the Authority will determine the licensee's Totex Allowance.
4. Unless otherwise determined by the Authority following consultation with (among others) the licensee, the Totex Allowance will be an annual allowance for each Charging Year in the Control Period. If the Authority determines, following consultation, that a Totex Allowance is applicable a longer period, the Authority will modify the licence as necessary to give effect to its determination.
5. The licensee must provide the Authority with details of its forecast Totex Spend in each Charging Year of the next Control Period.
6. The Authority will take account of the information provided in accordance with paragraph 5 when it is determining the appropriate inputs to the Price Control Financial Model that are relevant to the calculation of the Totex Allowance and the Totex Capitalisation Rate.

Part B: Authority Totex related assessments

7. At the PCR Determination and each subsequent PR Determination (as applicable), the Authority will set:
 - (a) the Totex Allowance; and
 - (b) the Totex Capitalisation Rate,in each case, for each Charging Year in the immediately following Control Period.
8. At each Periodic Review (as applicable), the Authority will review and may revise:
 - (a) the Totex Sharing Factor;
 - (b) the ODI Incentive Cap; and
 - (c) the ODI Incentive Floor,that is to apply in the immediately following Control Period.
9. The Authority may also vary the Totex Capitalisation Rate within a Control Period where the assumptions on which its original assessment were made have changed or are expected to change.

Part C: Totex Incentive

10. The purpose of the Totex Incentive is to incentivise the licensee to manage its Totex Spend for a relevant Charging Year within its Totex Allowance for that Charging Year, by adjusting the Allowed Revenue to reflect a specified share of any overspend or underspend compared to the allowance set by the Authority.
11. The Totex Incentive will apply to Totex Spend in each Charging Year during the Operations Phase, with the Totex Incentive for Charging Year_{*t-2*} calculated in Charging Year_{*t-1*} and reflected in the Allowed Revenue calculation or capitalised to the RAB in Charging Year_{*t*}.
12. The Totex Incentive for Charging Year_{*t-2*}, which is calculated in Charging Year_{*t-1*} in real (Base Year) prices and which applies in Charging Year_{*t*}, will be calculated in accordance with the following formula:

$$TI_{t-2} = (TA_{t-2} - ATS_{t-2}) \cdot TSF$$

Where:

Term	Description	Price Base
TI _{<i>t-2</i>}	means the Totex Incentive in Charging Year _{<i>t-2</i>}	£ real (Base Year)

TA _{t-2}	means the Totex Allowance for the relevant Charging Year _{t-2}	£ real (Base Year)
ATS _{t-2}	means the Actual Totex Spend for the relevant Charging Year _{t-2}	£ real (Base Year)
TSF	means the Totex Sharing Factor	N/A

13. The Non-Capitalised Totex Incentive for Charging Year_{t-2}, which is calculated in Charging Year_{t-1} in real (Base Year) prices and which applies in Charging Year_t in the Totex Building Block, will be calculated in accordance with the following formula:

$$NTI_{t-2} = TI_{t-2} \cdot (1 - TCR_{t-2})$$

Where:

Term	Description	Price Base
NTI _{t-2}	means the Non-Capitalised Totex Incentive in Charging Year _{t-2}	£ real (Base Year)
TI _{t-2}	means the Totex Incentive for Charging Year _{t-2} calculated in accordance with paragraph 12	£ real (Base Year)
TCR _{t-2}	means the Totex Capitalisation Rate for Charging Year _{t-2}	N/A

Part D: Calculation of the Annual Capitalised Totex Amount and the Totex Building Block

14. The Annual Capitalised Totex Amount for each Charging Year_t will be calculated in Charging Year_{t-1} in accordance with the following formula:

$$ACTA_t = (ATS_t \cdot TCR_t) + (TI_{t-2} \cdot TCR_{t-2})$$

Where:

Term	Description	Price Base
ACTA _t	means the Annual Capitalised Totex Amount in Charging Year _t	£ real (Base Year)
ATS _t	means the Actual Totex Spend for the relevant Charging Year _t	£ real (Base Year)
TCR _t	means the Totex Capitalisation Rate for Charging Year _t	N/A
TI _{t-2}	means the Totex Incentive for Charging Year _{t-2} calculated in accordance with paragraph 12	£ real (Base Year)

TCR _{t-2}	means the Totex Capitalisation Rate for Charging Year _{t-2}	N/A
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15. The Annual Capitalised Totex Amount will be applied to the Regulated Asset Base in accordance with paragraph 18 of Special Condition 45 (*Valuation of the Regulated Asset Base during the Operations Phase*).
16. Subject to paragraph 17, the Totex Building Block for each Charging Year_t will be calculated in Charging Year_{t-1} in accordance with the following formula:

$$TTx_t = [ATS_t \cdot (1 - TCR_t)] + NTI_{t-2}$$

Where:

Term	Description	Price Base
TTx _t	means the Totex Building Block in Charging Year _t	£ real (Base Year)
ATS _t	means the Actual Totex Spend for the relevant Charging Year _t	£ real (Base Year)
TCR _t	means the Totex Capitalisation Rate for Charging Year _t	N/A
NTI _{t-2}	means the Non-Capitalised Totex Incentive for Charging Year _{t-2}	£ real (Base Year)

17. The aggregate of the Market Price Adjustment Building Block and the Totex Incentive in any Charging Year will be:
- no greater than the ODI Incentive Cap; and
 - no less than the ODI Incentive Floor.

Part E: Totex Allowance modifications

18. If a Significant Unavailability Event results in a material capital expenditure requirement which was not contemplated when the Totex Allowance for the remaining Charging Years in the current Control Period was set, the licensee may apply to the Authority for an adjustment to its Totex Allowance.
19. Alongside any application pursuant to paragraph 18, the licensee must provide Supporting Information to demonstrate:
- why the relevant capital expenditure is required;
 - the causal link with the Significant Unavailability Event; and

(c) the quantum of the expenditure is economic and efficient in the circumstances

20. Following receipt of a request from the licensee pursuant to paragraph 18, the Authority will determine whether to revise the licensee's Totex Allowance and/or the Totex Capitalisation Rate.

Special Condition 54. Market Price Adjustment Building Block

Introduction

1. The purpose of this special condition is to incentivise the licensee to capture the Reference Price when it sells electricity in the market and provide for the determination of the Market Price Adjustment that is applicable during each Charging Year during the Operations Phase.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the determinations the Authority will make in relation to the Market Price Adjustment at the Post Construction Review and each Periodic Review thereafter; and
 - (b) Part B sets out the calculation of the Market Price Adjustment Building Block, which forms part of the Allowed Revenue calculation during the Operations Phase.

Part A: Authority Market Price Adjustment related assessments

3. Unless otherwise determined by the Authority following consultation with (among others) the licensee, the Market Price Adjustment Building Block will apply in the Operations Phase to incentivise the licensee to trade electricity it generates (or a portion thereof) in a manner which meets or exceeds the Applicable Reference Price.
4. Subject to paragraph 3, at the PCR Determination and each subsequent PR Determination (as applicable), the Authority will set the Market Price Adjustment Sharing Factor which is to apply in the immediately following Control Period.

Part B: Market Price Adjustment Building Block

5. The Market Price Adjustment will apply on and from 1 April following the Post Construction Review to the Actual Electrical Output generated during the Operations Phase.
6. The Market Price Adjustment for Charging Year_{t-2} will be reflected in the Allowed Revenue calculation in Charging Year_t.
7. Subject to paragraph 17 of Special Condition 53 (*Totex Building Block*), the Market Price Adjustment Building Block will be calculated in accordance with the following formula:

$$MPA_t = (AER_{t-2} - EER_{t-2}) \cdot MPASF$$

Where:

Term	Description	Price Base
MPA_t	means the Market Price Adjustment Building Block in Charging Year _t	£ real (Base Year)
AER_{t-2}	means the Actual Electricity Revenue for Charging Year _{t-2}	£ real (Base Year)
EER_{t-2}	means the Expected Electricity Revenue for the relevant Charging Year _{t-2}	£ real (Base Year)
MPASF	means the Market Price Adjustment Sharing Factor	N/A

8. If the Market Price Adjustment in respect of a Charging Year is:
- (a) a positive figure, it will be added to the Allowed Revenue calculation for that Charging Year;
 - (b) a negative figure, then its absolute value will be subtracted from the Allowed Revenue calculation for that Charging Year.

Special Condition 55. Availability Incentive

Introduction

1. The purpose of this special condition is to set out the licensee's obligations and related incentives to ensure the Plant is Available for power generation during the Operations Phase.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the licensee's Availability related obligations;
 - (b) Part B relates to the Target UCF set by the Authority; and
 - (c) Part C sets out the calculation of the Availability Incentive, which forms part of the Allowed Revenue calculation during the Operations Phase.

Part A: Availability related obligations

3. Without prejudice to the licensee's safety related obligations, the licensee must use all reasonable endeavours to meet (or exceed) the applicable Target UCF in each Charging Year.
4. The licensee must take such steps, acting in accordance with Good Industry Practice, to minimise the effect and duration of any Unplanned Outage or Unplanned Capacity Reduction.
5. To support the Authority's determination of the Target UCF and its monitoring of the Availability, the licensee must provide the Authority with such information as it requires in relation to historic and forecast Availability.
6. The licensee must calculate the value of all relevant Availability-related calculations (including the Availability Incentive) each Charging Year in accordance with this special condition and submit them for the Authority's approval within such timeframe as the Authority may specify, together with Supporting Information.
7. Following consideration of the licensee's submission pursuant to paragraph 6, the Authority will:
 - (a) confirm that the licensee's Availability-related calculations are accepted; or
 - (b) reject the licensee's Availability-related calculations and require it to revise and resubmit its calculations; or
 - (c) require further Supporting Information from the licensee to confirm whether its Availability-related calculations can be accepted.

Part B: Target UCF

8. The Authority will set the Target UCF for each Charging Year in a Control Period:
 - (a) in the case of the First Control Period, at the PCR Determination; and
 - (b) for any other Control Period, as part of the applicable PR Determination.

9. In setting the Target UCF for any Charging Year in a Control Period, the Authority will have regard, amongst other things, to the following matters:
 - (a) any information provided by the licensee to the Authority in relation to historic and forecast Availability pursuant to the RIGs and the Business Plans;
 - (b) the circumstances in which the licensee has failed to meet the Target UCF in any previous Control Period and whether the reasons giving rise to such failure have been rectified;
 - (c) the reason why Actual Capacity may have been impacted as a result of the carrying out, or the delay in carrying out, of any maintenance or Lifecycle Replacement activity or any change in environmental factors;
 - (d) if the Actual UCF exceeds the Target UCF in any previous Control Period, the reason for this; and
 - (e) such other factors or information as the Authority considers relevant.

10. The Target UCF represents the reference energy generated for the relevant Charging Year as a percentage, and will be calculated taking account of forecast outages in accordance with the following formula:

$$UCF_{T_t} (\%) = \left(\frac{REG_t - PEL_t - UEL_t}{REG_t} \right) \cdot 100$$

Where:

Term	Description
$UCF_{T_t} (\%)$	means the Target Unit Capability Factor (or Target UCF) for the relevant Charging Year (for both Units), expressed as a percentage
REG_t	means the Reference Energy Generation (MWe) for the relevant Charging Year, and reflects the net electricity output that would be produced if both Units were operated at their Rated Capacity for the entire Charging Year under Reference Ambient Conditions
PEL_t	means the total Planned Energy Losses for the relevant Charging Year

UEL _t	means an allowance determined by the Authority for Unplanned Energy Losses for the relevant Charging Year (on a forecast basis)
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Part C: Availability Incentive

11. The Availability Incentive Building Block is a mechanism for incentivising Availability of the Plant for power generation or other uses, specifically through:
 - (a) an Allowed Revenue increase in Charging Year_t, where the Actual UCF in Charging Year_{t-2} exceeded the Target UCF for that Charging Year; and
 - (b) an Allowed Revenue deduction in Charging Year_t, where the Actual UCF in Charging Year_{t-2} was lower than the Target UCF for that Charging Year.
12. The Availability Incentive will apply on and from 1 April following the PCR Determination on the basis that the Availability Incentive for Charging Year_{t-2} will be reflected in the Allowed Revenue calculation in Charging Year_t.
13. Where the Actual UCF in Charging Year_{t-2} is lower than the Target UCF in that Charging Year, the Availability Incentive Building Block for Charging Year_t will be calculated in accordance with the following formula:

$$AI_t = \left[AIM \cdot \left(\frac{UCF_{A_{t-2}} - UCF_{T_{t-2}}}{UCF_{T_{t-2}}} \right) \cdot \left(BR_{t-2} + Tax_{t-2} - \frac{FDP_{t-2}}{PI_{t-2}} \right) \right]$$

Where:

Term	Description	Price Base
AI _t	means the Availability Incentive for Charging Year _t	£ real (Base Year)
AIM	means the Availability Incentive Multiplier	N/A
UCF _{A_{t-2}}	means the Actual UCF in Charging Year _{t-2}	N/A
UCF _{T_{t-2}}	means the Target UCF in Charging Year _{t-2}	N/A
BR _{t-2}	means the Base Revenue in Charging Year _{t-2}	£ real (Base Year)
Tax _{t-2}	means the Tax Building Block for Charging Year _{t-2} calculated in accordance with Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>)	£ real (Base Year)
FDP _t	means the FDP Allowance Building Block for the relevant Charging Year _{t-2} calculated in accordance	£ Charging Year _{t-2}

	with Special Condition 50 (<i>FDP Allowance Building Block during the Operations Phase</i>)	
PI_{t-2}	means the Applicable CPIH Price Index Adjustment Factor for Charging Year $_{t-2}$	N/A

14. Where the Actual UCF in Charging Year $_{t-2}$ is higher than the Target UCF in that Charging Year, the Availability Incentive Building Block for Charging Year $_t$ will be calculated in accordance with the following formula:

$$AI_t = AIM \cdot (UCF_{A_{t-2}} - UCF_{T_{t-2}}) \cdot (AER_{t-2} + CC_{t-2})$$

Where:

Term	Description	Price Base
AI_t	means the Availability Incentive for Charging Year $_t$	£ real (Base Year)
AIM	means the Availability Incentive Multiplier	N/A
$UCF_{A_{t-2}}$	means the Actual UCF in Charging Year $_{t-2}$	N/A
$UCF_{T_{t-2}}$	means the Target UCF in Charging Year $_{t-2}$	N/A
AER_{t-2}	means the Actual Electricity Revenue for Charging Year $_{t-2}$	£ real (Base Year)
CC_{t-2}	means any compensation received as a result of a Curtailment, including from the ESO, for Charging Year $_{t-2}$	£ real (Base Year)

15. The Capable Energy Generation⁵⁵ will be calculated in accordance with the following formula:

$$CEG_t = REG_t - PEL_{A_t} - UEL_{A_t}$$

Where:

Term	Description
CEG_t	means the actual capable energy generation for Charging Year $_t$, measured in MWhr
REG_t	means the Reference Energy Generation (MWhr) for the relevant Charging Year, and reflects the net electricity output that would

⁵⁵ Note: Curtailments do not count towards either planned or unplanned outages for the purposes of calculating the CEG.

	be produced if both Units were operated at their Rated Capacity for the entire Charging Year under Reference Ambient Conditions
PEL _{A_t}	means the Planned Energy Losses that actually occurred in Charging Year _t
UEL _{A_t}	means the total amount of Unplanned Energy Losses that actually occurred in Charging Year _t

16. The Actual UCF for any Charging Year_t represents the actual capable energy generation by the Regulated Assets in that Charging Year expressed as a percentage and calculated in accordance with the following formula:

$$UCF_{A_t}(\%) = \left(\frac{CEG_t}{REG_t} \right) \cdot 100$$

Where:

Term	Description
UCF _A (%)	means the Actual UCF for Charging Year _t , expressed as a percentage
CEG _t	means the Capable Energy Generation (MWe) for Charging Year _t , calculated in accordance with paragraph 15
REG _t	means the Reference Energy Generation (MWe) for Charging Year _t , and reflects the net electricity output that would be produced if both Units were operated at their Rated Capacity for the entire Charging Year under Reference Ambient Conditions

17. If the Availability Incentive in respect of a Charging Year is:
- (a) a positive figure, it will be added to the Allowed Revenue calculation for the Charging Year_t;
 - (b) a negative figure, then its absolute value will be subtracted from the Allowed Revenue calculation for Charging Year_t.

Special Condition 56. Revenue Support

Introduction

1. The purpose of this special condition is to set out when the licensee is entitled to request liquidity support from the Authority as a result of certain unavailability events and how such liquidity support is subsequently recovered.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the licensee's right to apply for Significant Unavailability Revenue Support and/or Buyback of Power Revenue Support in response to Significant Unavailability Events;
 - (b) Part B sets out how any Significant Unavailability Revenue Support will be calculated;
 - (c) Part C sets out the mechanism and timing for repaying Significant Unavailability Revenue Support;
 - (d) Part D sets out how any Buyback of Power Revenue Support will be calculated;
 - (e) Part E sets out details of the Buyback of Power Revenue Support reconciliation that may apply in Charging Year_{*t+1*} to reflect the difference between the actual cost of buying back power compared to the cost that was forecast to be incurred;
 - (f) Part F sets out the mechanism and timing for repaying Buyback of Power Revenue Support; and
 - (g) Part G sets out how any in-year Approved Revenue Support Amount will be reflected in an adjustment to the Difference Payments payable under the Revenue Collection Contract.

Part A: Application for Revenue Support

3. If a Significant Unavailability Event:
 - (a) is forecast to occur during Charging Year_{*t*}, the licensee may submit an application to the Authority to request in-year Revenue Support; or
 - (b) has occurred in Charging Year_{*t-2*}, the licensee may submit an application to the Authority for Revenue Support in respect of such Significant Unavailability Event.
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4. An application for in-year Revenue Support pursuant to paragraph 3 must be submitted no later than [31 August] of Charging Year_t, (or such later date as the Authority may otherwise approve in its discretion).
5. If the licensee submits an application for Revenue Support after the deadline specified in paragraph 4, provided that the other conditions of this Part A are satisfied, the Authority may approve the application (in whole or part) for such Revenue Support to be provided in Charging Year_{t+1}. In such circumstances the Significant Unavailability Revenue Support amount would be calculated in accordance with paragraph 15, save that references to Charging Year_{t-2} shall be deemed to be references to Charging Year_{t-1}.
6. Applications for Revenue Support in respect of Significant Unavailability Events that occurred in Charging Year_{t-2} must be submitted no later than [31 July] of Charging Year_{t-1}.
7. Applications for Revenue Support must specify the type and amount of Revenue Support sought and be accompanied by adequate Supporting Information to evidence:
 - (a) the expected duration of the Significant Unavailability Event, or actual duration of any Significant Unavailability Events that have occurred;
 - (b) in applications for in-year Revenue Support, the licensee's reasonable forecast of its Forecast Electrical Output and forecast Reference Price, in each case for the remainder of the Charging Year and taking account of the expected impacts of the Significant Unavailability Event;
 - (c) that there are no Significant Unavailability Liquidity Drawstops continuing at the date of the application;
 - (d) in the case of an application for Buyback of Power Revenue Support:
 - (i) the Price Differential Threshold is, or is expected to be, exceeded; and
 - (ii) the licensee will implement or has implemented an orderly and prudent strategy for purchasing power in the market, which seeks to mitigate against creating market liquidity constraints;
 - (e) the steps that the licensee has taken, or which it proposes to take, to mitigate the impact of the Significant Unavailability Event;
 - (f) the licensee's ability to repay the Revenue Support being requested prior to expiry of the Initial Regulatory Period; and
 - (g) such other factors as the Authority may require for the purposes of assessing the application, in accordance with the RIGs.

8. If the Authority considers that the licensee has failed to evidence either of the requirements for a Significant Unavailability Event as set out in the defined term in Special Condition 1 (*Interpretation and Definitions*), or any of the requirements set out in paragraph 7, it may either:
 - (a) notify the licensee that its application for Revenue Support has been rejected (in whole or part); or
 - (b) request further information from the licensee.
9. If the Authority approves the licensee's application for Revenue Support (in whole or part), it will notify the licensee which type of Revenue Support it has approved and the amount of the Significant Unavailability Revenue Support and/or Buyback of Power Revenue Support (as the case may be) as determined by the Authority in accordance with this special condition.
10. If the licensee fails to comply with its trading-related obligations set out in Part C (*Trading related obligations*) of Special Condition 2 (*General Licensee Obligations*), any application for Buyback of Power Revenue Support under this special condition may be invalid.
11. In the event of the licensee's insolvency:
 - (a) the Authority will have the right to accelerate the Liquidity Support Amount such that it will become immediately due and payable by the licensee to the Revenue Collection Counterparty; and
 - (b) to the extent the Liquidity Support Amount is accelerated in accordance with paragraph (a), such amount will rank *pari passu* with Government Liquidity Facility.
12. Following the issuance of a Discontinuation Notice by the Secretary of State:
 - (a) the Authority will have the right to accelerate any Liquidity Support Amount such that it will become immediately due and payable by the licensee to the Revenue Collection Counterparty; and
 - (b) to the extent the Liquidity Support Amount is accelerated in accordance with paragraph (a), such amount will rank ahead of equity but be subordinated to senior debt.
13. If the Authority accelerates the Liquidity Support Amount under paragraph 11 or 12 it will notify the Revenue Collection Counterparty of the same.

Part B: Significant Unavailability Revenue Support amount

14. The Authority will activate the Significant Unavailability Revenue Support Building Block as part of the Allowed Revenue calculation for Charging Year_{*t*} if:
- (a) it has approved the licensee’s application for Significant Unavailability Revenue Support in respect of Significant Unavailability Events that occurred in Charging Year_{*t-2*} pursuant to Part A; or
 - (b) the licensee received in-year Approved Revenue Support Amount applied in accordance with Part G in either of Charging Year_{*t-2*} or Charging Year_{*t-1*}.
15. If the Significant Unavailability Revenue Support Building Block is activated pursuant to paragraph 14(a), it will be calculated in accordance with the following formula:

$$SUR_t = \left(((BR_{t-2} + Tax_{t-2}) \cdot UM) - \frac{RR_{t-2}}{PI_{t-2}} \right) \cdot PI_t - Adj$$

Where:

Term	Description	Price Base
SUR _{<i>t</i>}	means the Significant Unavailability Revenue Support Building Block in Charging Year _{<i>t</i>}	£ Charging Year _{<i>t</i>}
BR _{<i>t-2</i>}	means the Base Revenue for Charging Year _{<i>t-2</i>}	£ real (Base Year)
Tax _{<i>t-2</i>}	means the Tax Building Block for Charging Year _{<i>t-2</i>} calculated in accordance with Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>)	£ real (Base Year)
UM	means the Unavailability Multiplier	N/A
RR _{<i>t-2</i>}	means the Recovered Revenue for Charging Year _{<i>t-2</i>} , calculated in accordance with paragraph 9 of Special Condition 47 (<i>Allowed Revenue during the Operations Phase</i>)	£ Charging Year _{<i>t-2</i>}
PI _{<i>t</i>}	means Applicable CPIH Price Index Adjustment Factor for Charging Year _{<i>t</i>}	N/A
PI _{<i>t-2</i>}	means Applicable CPIH Price Index Adjustment Factor for Charging Year _{<i>t-2</i>}	N/A
Adj	means any adjustments (without double counting) the Authority, in its discretion, considers appropriate having regard to the Supporting Information provided	N/A

	by the licensee as part of its application, including any adjustments necessary to ensure that the Revenue Support Cap is not breached	
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16. If the Significant Unavailability Revenue Support Building Block is:
- (a) a positive figure, it will be added to the Allowed Revenue calculation for Charging Year_t;
 - (b) a negative figure, it will:
 - (i) be deemed to be zero; unless
 - (ii) the licensee received Revenue Support in respect of a Significant Unavailability Event in Charging Year_{t-2}, in which case the Unavailability Liquidity Clawback Amount (calculated in accordance with paragraph 19) will be deducted from the Allowed Revenue for Charging Year_t.
17. If an in-year Revenue Support application has been approved by the Authority in Charging Year_t, there will be an exceptional adjustment to the Allowed Revenue for that Charging Year to facilitate the provision of liquidity support to the licensee by adding the amount of the Significant Unavailability Revenue Support to the Allowed Revenue previously set by the Authority for Charging Year_t in Charging Year_{t-1}.
18. The amount of the Significant Unavailability Revenue Support for Charging Year_t referenced in paragraph 17 will be calculated in accordance with the following formula:

$$SUR_t = ERA_t - BB_t$$

Where:

Term	Description	Price Base
SUR _t	means the Significant Unavailability Revenue Support amount provided in Charging Year _t	£ Charging Year _t
ERA _t	means the Exceptional Revenue Adjustment amount calculated in accordance with paragraph 37	£ Charging Year _t
BB _t	means the Buyback of Power Revenue Support amount included in the Revenue Amount before Power for Charging Year _t in accordance with paragraph 39	£ Charging Year _t

19. The Unavailability Liquidity Clawback Amount will be calculated in accordance with the following formula:

$$ULCA = \left(RR_{CYRS} - \left((BR_{CYRS} + Tax_{CYRS}) \cdot UM \right) \right) \cdot \frac{PI_t}{PI_{CYRS}}$$

Where:

Term	Description	Price Base
ULCA	means the Unavailability Liquidity Clawback Amount	£ Charging Year _{<i>t</i>}
RR _{<i>CYRS</i>}	means the Recovered Revenue in the Charging Year in which the in-year Approved Revenue Support Amount was provided to the licensee, excluding, if applicable, any in-year Buyback of Power Revenue Support amount provided in that Charging Year	£ Charging Year _{<i>CYRS</i>}
BR _{<i>CYRS</i>}	means the Base Revenue in the Charging Year in which the in-year Approved Revenue Support Amount was provided to the licensee	£ Charging Year _{<i>CYRS</i>}
Tax _{<i>CYRS</i>}	means the Tax Building Block in the Charging Year in which the in-year Approved Revenue Support Amount was provided to the licensee, calculated in accordance with Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>)	£ Charging Year _{<i>CYRS</i>}
UM	means the Unavailability Multiplier	N/A
PI _{<i>t</i>}	means CPIH for Charging Year _{<i>t</i>}	
PI _{<i>CYRS</i>}	means CPIH for the Charging Year in which the in-year Approved Revenue Support Amount was provided to the licensee	N/A

Part C: Significant Unavailability Revenue Support repayments

20. The Authority will deduct a proportion of any previously approved Significant Unavailability Revenue Support amounts from the Allowed Revenue in subsequent Charging Years in accordance with the Outstanding Revenue Support Adjustment Building Block.
21. The Unavailability Revenue Repayment Amount represents the value of the Significant Unavailability Revenue Support amount that is due in respect of any Charging Year_{*t*} in which the licensee was provided Significant Unavailability Revenue Support, and will be calculated in accordance with the following formula:

$$URA_i = RM \cdot SUR_i$$

Where:

Term	Description	Price Base
URA _i	means, in respect of any Charging Year _i , the Unavailability Revenue Repayment Amount to be repaid through a reduction in the Allowed Revenue	£ real (Base Year)
RM	means the Repayment Multiplier	N/A
SUR _i	means, in respect of any Charging Year _i , the Significant Unavailability Revenue Support amount distributed to the licensee in that Charging Year calculated in accordance with: (a) paragraph 15 for applications for Revenue Support made in the year following the Significant Unavailability Event; or (b) paragraph 17 as may be adjusted by the Unavailability Liquidity Clawback Amount, for in-year applications for Revenue Support, and deflated to £ real (Base Year) prices	£ real (Base Year)

22. The Outstanding Revenue Support Adjustment in a Charging Year in respect of an Unavailability Revenue Repayment Amount which is due from the licensee will be calculated in accordance with the following formula:

$$ORSA_{i,t} = \frac{URA_i - \sum_{t=CY_{Ops}+1}^{t-1} ORSA_{i,t}}{n + 1 - r}$$

Where:

Term	Description	Price Base
ORSA _{i,t}	means the Outstanding Revenue Support Adjustment Building Block in Charging Year _t for the Unavailability Revenue Repayment Amount (all or part of which remains outstanding) denoted by <i>i</i>	£ real (Base Year)
URA _i	means the Unavailability Revenue Repayment Amount that is due in respect of any Charging Year _i in which the licensee was provided Significant Unavailability Revenue Support calculated in accordance with paragraph 21	£ real (Base Year)

CY_{Ops}	means the first Charging Year in the Operations Phase	N/A
n	means the number of years (n) over which the Authority determines that the licensee must repay the relevant Unavailability Revenue Repayment Amount to ensure it is repaid in full prior to the end of the Regulatory Period, up to a maximum of 10 years unless extended to account for repayments in one or more years not being taken due to the application of the Operational Incentives Adjustment	N/A
r	means the repayment year within the repayment period (n) where r equals one in the first repayment year	N/A

23. The Outstanding Revenue Support Adjustment Building Block will apply in any Charging Year in which the Outstanding Revenue Support Adjustment in any Charging Year is greater than zero.
24. The Outstanding Revenue Support Adjustment Building Block will be calculated in accordance with the following formula:

$$ORSA_t = \sum_i ORSA_{i,t}$$

Where:

Term	Description	Price Base
$ORSA_t$	means the Outstanding Revenue Support Adjustment Building Block in Charging Year $_t$	£ real (Base Year)
$ORSA_{i,t}$	means the Outstanding Revenue Support Adjustment in a Charging Year for any Unavailability Revenue Repayment Amount that is due in respect of any Charging Year $_i$ in which the licensee was provided Significant Unavailability Revenue Support, calculated in accordance with paragraph 22	£ real (Base Year)

Part D: Buyback of Power Revenue Support amount

25. The Buyback of Power Revenue Support Building Block will apply where the Authority approves an application for Buyback of Power Revenue Support in accordance with Part A.

26. The Buyback of Power Revenue Support amount will be calculated in accordance with the following formula:

$$BB_t = [(BB_{Price} - PDT) \cdot E_{SF}] - Adj$$

Where:

Term	Description	Price Base
BB_t	means the Buyback of Power Revenue Support Building Block in Charging Year _t	£ Charging Year _t
BB_{Price}	means: (a) in respect of an in-year application for Buyback of Power Revenue Support, the estimated average power buyback price in £/MWhr; and (b) in all other cases, the average power buyback price in £/MWhr incurred	N/A
PDT	means the price differential threshold expressed in £/MWhr calculated in accordance with paragraph 28	N/A
E_{SF}	means: (a) in respect of an in-year application for Buyback of Power Revenue Support, the lower of: (i) the amount of energy (in MWhrs) sold forward that the licensee forecasts it will need to purchase in the energy market to close out its position under forward power trades; and (ii) the number of MWhrs the licensee was forecast to generate during the relevant period in accordance with its Target UCF; and (b) in all other cases, the lower of: (i) the amount of energy (in MWhrs) sold forward that the licensee was actually required to purchase in the energy market to close out its position under forward power trades; and (ii) the number of MWhrs the licensee was forecast to generate during the relevant	N/A

	period in accordance with its Target UCF	
Adj	means any adjustments the Authority, in its discretion, considers appropriate having regard to the Supporting Information provided by the licensee as part of its application, including any adjustments necessary to ensure that the Revenue Support Cap is not breached	nominal

27. If the Buyback of Power Revenue Support amount calculated pursuant to paragraph 26 is in relation to:

- (a) an in-year application for Buyback of Power Revenue Support which has been approved, it will be included in the calculation of the Revenue Amount before Power in Part G; or
- (b) an application for Buyback of Power Revenue Support in respect of Significant Unavailability Events that occurred in Charging Year_{t-2}, it will be included in the Allowed Revenue calculation for Charging Year_t through the Buyback of Power Revenue Support Building Block.

28. The Price Differential Threshold will be calculated in accordance with the following formula:

$$PDT = AP \cdot (1 + PDM)$$

Where:

Term	Description	Price Base
PDT	means the price differential threshold expressed in £/MWhr	N/A
AP	means the average price of energy expressed in £/MWhr achieved by the licensee in respect of its power to be delivered during the Significant Unavailability Event	N/A
PDM	means the Price Differential Multiplier	N/A

29. For the avoidance of doubt, the Buyback of Power Revenue Support Building Block will be deemed to be zero where:

$$(BB_{Price} - PDT) \cdot E_{SF} < 0$$

Where:

Term	Description	Price Base
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BB_{Price}	means: (a) in respect of an in-year application for Buyback of Power Revenue Support, the estimated average power buyback price in £/MWhr; and (b) in all other cases, the average power buyback price in £/MWhr incurred	N/A
PDT	means the price differential threshold expressed in £/MWhr	N/A
E_{SF}	means the lower of: (a) the amount of energy (in MWhrs) sold forward that the licensee is required to purchase in the energy market to close out its position under forward power trades; and (b) the number of MWhrs the licensee was forecast to generate during the relevant period in accordance with its Target UCF	N/A

Part E: Charging Year_{t+1} Reconciliation

30. For in-year applications for Buyback of Power Revenue Support in Charging Year_{t-2}, the licensee must, in Charging Year_{t-1}, provide the Authority with evidence of:
- (a) its actual cost of buying back power from the market together with a reconciliation calculation which shows the differential between the actual cost and the cost which was assumed for the purposes of the original calculation of the Buyback of Power Revenue Support amount;
 - (b) the actual duration of the Significant Unavailability Event; and
 - (c) any mitigation steps taken by the licensee.
31. The Buyback Support Reconciliation Amount will be calculated by the Authority in Charging Year_{t-1} on the basis of the information provided to the Authority pursuant to paragraph 30 and will be calculated as follows:

$$BSRA = (BB_{Price_{est}} \cdot E_{SF (for)}) - (BB_{Price_{actual}} \cdot E_{SF}) - Adj$$

Where:

Term	Description	Price Base
BSRA	means the Buyback Support Reconciliation Amount	£ Charging Year _t

$BB_{Price_{est}}$	means the estimated average power buyback price in £/MWhr applied in determining the Buyback of Power Revenue Support Building Block in respect of an approved in-year application for Buyback of Power Revenue Support in Charging Year _t	N/A
$E_{SF (for)}$	means the lower of: (a) the amount of energy (in MWhrs) sold forward that the licensee forecasts it will need to purchase in the energy market to close out its position under forward power trades; and (b) the number of MWhrs the licensee was forecast to generate during the relevant period in accordance with its Target UCF	N/A
$BB_{Price_{actual}}$	means the average power buyback price in £/MWhr incurred by the licensee in in Charging Year _t	N/A
E_{SF}	means the lower of: (a) the amount of energy (in MWhrs) sold forward that the licensee was actually required to purchase in the energy market to close out its position under forward power trades; and (b) the number of MWhrs the licensee was forecast to generate during the relevant period in accordance with its Target UCF	N/A
Adj	means any adjustments the Authority, in its discretion, considers appropriate based on how the licensee implemented buyback of power in Charging Year _t	N/A

32. If the reconciliation amount calculated in accordance with paragraph 31 is:
- (a) a positive figure, the Authority has discretion, taking account of all the circumstances, to add this to the Allowed Revenue calculation for Charging Year_{t+1} through the Buyback of Power Revenue Support Building Block;
 - (b) a negative figure, this amount will be deducted from the Allowed Revenue for Charging Year_{t+1} through the Buyback of Power Repayment Building Block.

Part F: Buyback of Power repayments

33. Following the award of any Buyback of Power Revenue Support, the Authority will deduct all or a proportion of the Buyback of Power Repayment Amount from the Allowed Revenue in subsequent Charging Years in accordance with the Buyback of Power Repayment Building Block until the Buyback of Power Repayment Amount is reduced to zero.
34. The Buyback of Power Repayment Building Block will apply in any Charging Year in which the outstanding Buyback of Power Repayment Amount is greater than zero.
35. The Buyback of Power Repayment Building Block for Charging Year_t will be calculated in accordance with the following formula:

$$BPA_t = \begin{cases} BBR_t, & BBR_t - ((BR_t + Tax_t) \cdot BRCap_t) \leq 0 \\ (BR_t + Tax_t) \cdot BRCap_t, & BBR_t - ((BR_t + Tax_t) \cdot BRCap_t) > 0 \end{cases}$$

Where:

Term	Description	Price Base
BPA _t	means the Buyback of Power Repayment Building Block for Charging Year _t	£ real (Base Year)
BBR _t	means the total Buyback of Power Repayment Amount outstanding as at Charging Year _t calculated in accordance with paragraph 36	£ real (Base Year)
BR _t	means the Base Revenue for Charging Year _t	£ real (Base Year)
Tax _t	means the Tax Building Block for Charging Year _t calculated in accordance with Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>)	£ real (Base Year)
BRCap _t	means the Buyback Repayment Cap for Charging Year _t	N/A

36. The Buyback of Power Repayment Amount for any Charging Year_t will be calculated in accordance with the following formula:

$$BBR_t = \sum_{i=CY_{Ops}}^{t-1} BB_i - \sum_{i=CY_{Ops}}^{t-1} BPA_i$$

Where:

Term	Description	Price Base
BBR_t	means the total Buyback of Power Repayment Amount outstanding as at Charging Year $_{t-1}$	£ real (Base Year)
BB_i	means, for each Charging Year $_i$, the Buyback of Power Revenue Support distributed to the licensee in that Charging Year (being either the Buyback of Power Revenue Support Building Block or any Buyback of Power Revenue Support amount included in the calculation of the RABP pursuant to Part G	£ real (Base Year)
BPA_i	means, for each Charging Year $_i$, the Buyback of Power Repayment Building Block for that Charging Year	£ real (Base Year)
CY_{Ops}	means the first Charging Year in the Operations Phase	N/A

Part G: In-Year adjustment to Difference Payments

37. If an in-year application for Revenue Support has been approved by the Authority in Charging Year $_t$, the amount of money that the licensee will be entitled to receive during the In-Year Revenue Support Disbursement Period will be calculated in accordance with the following formula:

$$ERA_t = RABP_t - IDP_{IRS(Pre DP)} - (FEO_{IRS(DP)} \cdot ARP_{IRS(DP)})$$

Where:

Term	Description	Price Base
ERA_t	means the Exceptional Revenue Adjustment amount	£ nominal
$RABP_t$	means the Revenue Amount before Power calculated in accordance with paragraph 39	£ nominal
$IDP_{IRS(Pre DP)}$	means the Difference Payments paid by or to the Revenue Collection Counterparty during the In-Year Revenue Support Application Review Period	£ nominal
$FEO_{IRS(DP)}$	means the Authority's determination of the forecast electrical output during the In-Year Revenue Support Disbursement Period as described in paragraph 40	£ nominal

$ARP_{IRS(DP)}$	means the Applicable Reference Price for each Relevant Reference Price Period during the In-Year Revenue Support Disbursement Period	£ nominal
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38. Where paragraph 37 applies, in order to facilitate an adjustment to the Difference Payments payable under the Revenue Collection Contract, the Authority will:

- (a) recalculate the Revenue Amount before Power in accordance with paragraph 39 for Charging Year_t to take account of the amount of the Approved Revenue Support Amount that it considers appropriate; and
- (b) determine the revised the Forecast Electrical Output as described in paragraph 40,

and will notify the Revenue Collection Counterparty of the same.

39. The revised Revenue Amount before Power will be calculated in accordance with the following formula where paragraph 37 applies:

$$RABP_t = ((BR_t + Tax_t) \cdot UM) + BB_t - RR_{t-IRS} - FSR_{IRS(AP)} - FER_{IRS(Pre DP)} - Adj$$

Where:

Term	Description	Price Base
$RABP_t$	means the Revenue Amount before Power in any Charging Year _t where an in-year Revenue Support application has been approved by the Authority	£ nominal
BR_t	means the Base Revenue for Charging Year _t	£ nominal
Tax_t	means the Tax Building Block for Charging Year _t calculated in accordance with Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>)	£ nominal
UM	means the Unavailability Multiplier	N/A
BB_t	means, where the in-year Approved Revenue Support Amount in Charging Year _t includes Buyback of Power Revenue Support, the Buyback of Power Revenue Support amount for Charging Year _t determined in accordance with paragraph 26	£ nominal
RR_{t-IRS}	means the Actual Market Revenue and Difference Payments received by the licensee from the start of the Charging Year _t up to (but not including) the In-Year Revenue Support Application Period	£ nominal

$FSR_{IRS(AP)}$	means the Forecast Supplemental Revenue expected to be received by the licensee during the In-Year Revenue Support Application Period	£ nominal
$FER_{IRS(Pre DP)}$	means the forecast of the Actual Electricity Revenue expected to be received by the licensee during the In-Year Revenue Support Application Review Period	£ nominal
Adj	means, in relation to an application for Significant Unavailability Revenue Support, any adjustments the Authority, in its discretion, considers appropriate having regard to the Supporting Information provided by the licensee as part of its application, including any adjustments necessary to ensure that the Revenue Support Cap is not breached	£ nominal

40. The revised Forecast Electrical Output will reflect the Authority's determination of the forecast electrical output for each Relevant Reference Price Period during the In-Year Revenue Support Application Period, as informed by the licensee's true and fair estimate of the Plant's electrical output (in MWhrs) for that period and based on reasonable assumptions.

Special Condition 57. Operational Incentives Adjustment

Introduction

1. The purpose of this special condition is to provide for the determination of the Operational Incentives Adjustment and the repayment of any such Operational Incentives Adjustment which has been applied during the Operations Phase.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out how the Operational Incentives Adjustment will be calculated; and
 - (b) Part B sets out the terms of repayment of any Operational Incentives Adjustment Repayment Amount.

Part A: Operational Incentives Adjustment

3. The Operational Incentives Adjustment provides the licensee with liquidity support to ensure that it always receives [revenue] which is at least equal to the OIA Floor amount for any Charging Year.
4. Subject to paragraph 5, the Operational Incentives Adjustment will be calculated in accordance with the following formula:

$$OIA_t = \left[((BR_t + Tax_t) \cdot OIA\ Floor_t) - \left(BR_t + Tax_t + I_t + \frac{LA_t}{PI_t} + \frac{K_t}{PI_t} - Adj \right) \right] \cdot PI_t$$

Where:

Term	Description	Price Base
OIA_t	means the Operational Incentives Adjustment in Charging Year _t	£ Charging Year _t
BR_t	means the Base Revenue for Charging Year _t	£ real (Base Year)
Tax_t	means the Tax Building Block for Charging Year _t calculated in accordance with Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>)	£ real (Base Year)
$OIA\ Floor_t$	means the Operational Incentives Adjustment Floor for Charging Year _t	N/A
I_t	means the aggregate of the incentives adjustment and the revenue support repayment amounts in Charging Year _t calculated in accordance with paragraph 6	£ real (Base Year)

LA_t	means the aggregate of the revenue support amounts in Charging Year _t (being the aggregate of the Significant Unavailability Revenue Support Building Block and the Buyback of Power Revenue Support building block, in each case for Charging Year _t)	£ Charging Year _t
PI_t	means the Applicable CPIH Price Index Adjustment Factor for Charging Year _t	N/A
K_t	means the K-factor for Charging Year _t , as calculated in accordance with Part B (<i>K-factor true up</i>) of Special Condition 47 (<i>Allowed Revenue during the Operations Phase</i>) (as the case may be)	£ Charging Year _t
Adj	means any adjustments necessary to: (a) ensure that the Revenue Support Cap is not breached; or (b) to reduce the amount of liquidity support provided if, and to the extent, the Authority considers that there is no reasonable prospect that the licensee will be able to repay the liquidity support before the expiry of the Initial Regulatory Period	£ real (Base Year)

5. Where the number calculated pursuant to paragraph 4 is a negative value, no Operational Incentives Adjustment will be payable to the licensee in respect of that Charging Year.
6. The aggregate incentives adjustment and revenue support repayment amounts will be calculated in accordance with the following formula:

$$I_t = NTI_{t-2} + MPA_t + AI_t + ORSA_t + BPA_t + OIR_t$$

Where:

Term	Description	Price Base
I_t	means the aggregate of the incentives adjustment and the revenue support repayment amounts in Charging Year _t	£ real (Base Year)
NTI_{t-2}	means the aggregate of the Non-Capitalised Totex Incentive for Charging Year _{t-2} (and applied in the Totex Building Block for Charging Year _t)	£ real (Base Year)

MPA_t	means the Market Price Adjustment Building Block for Charging Year _t	£ real (Base Year)
AI_t	means the Availability Incentive Building Block for Charging Year _t	£ real (Base Year)
$ORSA_t$	means the Outstanding Revenue Support Adjustment Building Block for Charging Year _t	£ real (Base Year)
BPA_t	means the Buyback of Power Repayment Building Block for Charging Year _t	£ real (Base Year)
OIR_t	means the Operational Incentives Repayment Building Block for Charging Year _t	£ real (Base Year)

Part B: Operational Incentives Adjustment Repayment Amount

7. The Authority will deduct all or a proportion of any Operational Incentives Adjustment Repayment Amount from the Allowed Revenue in accordance with the Operational Incentives Repayment Building Block, until the outstanding Operational Incentives Adjustments is reduced to zero.
8. The Operational Incentives Repayment Building Block for any Charging Year_t will be calculated [in real (Base Year) prices] in accordance with the following formula:

$$OIR_t = \begin{cases} OIAR_t, & OIAR_t - ((BR_t + Tax_t) \cdot OIR Cap_t) \leq 0 \\ (BR_t + Tax_t) \cdot OIR Cap_t, & OIAR_t - ((BR_t + Tax_t) \cdot OIR Cap_t) > 0 \end{cases}$$

Where:

Term	Description	Price Base
OIR_t	means the Operational Incentives Repayment Building Block in Charging Year _t	£ real (Base Year) prices
$OIAR_t$	means the Operational Incentives Adjustment Repayment Amount in Charging Year _t calculated in accordance with paragraph 9	£ real (Base Year) prices
BR_t	means the Base Revenue for Charging Year _t	£ real (Base Year) prices
Tax_t	means the Tax Building Block for the relevant Charging Year _t calculated in accordance with Special Condition 49 (<i>Tax Building Block during the Operations Phase</i>)	£ real (Base Year)

OIR Cap _t	means the Operational Incentives Repayment Cap for Charging Year _t	N/A
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9. The Operational Incentives Adjustment Repayment Amount for any Charging Year_t will be calculated in accordance with the following formula:

$$OIR_t = \sum_{i=CY_{Ops}}^{t-1} OIA_i - \sum_{i=CY_{Ops}}^{t-1} OIR_i$$

Where:

Term	Description	Price Base
OIR _t	means the Operational Incentives Adjustment Repayment Amount as at Charging Year _{t-1}	£ real (Base Year)
OIA _i	means, for each Charging Year _i , the Operational Incentives Adjustment for that Charging Year	£ real (Base Year)
OIR _i	means, for each Charging Year _i , the Operational Incentives Repayment Building Block for that Charging Year	£ real (Base Year)
CY _{Ops}	means the first Charging Year in the Operations Phase	N/A

Chapter 10 Periodic Reviews and Reopeners

Special Condition 58. Periodic Reviews

Introduction

1. The purpose of this special condition is to establish the Periodic Review process.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A establishes the timing of the Periodic Review;
 - (b) Part B sets out what will be included in the PR Determination; and
 - (c) Part C sets out the process for issuing the PR Determination.

Part A: Timing of the Periodic Review and PR Determination

3. The Periodic Review will commence on the Periodic Review Start Date.
4. The licensee must ensure that, on or before the Periodic Review Start Date, it has submitted:
 - (a) its PR Business Plan in accordance with Special Condition 16 (*Business Plan Submission*);
 - (b) any other relevant Supporting Information as may be specified by the Authority to facilitate its PR Determination.
5. Once the Authority is satisfied that it has received the information it requires to make its PR Determination it will notify the licensee of the date by which the Authority will make its PR Determination.

Part B: Contents of the PR Determination

6. The purpose of the Periodic Review is for the Authority to determine, without limitation:
 - (a) the RWACC for the forthcoming Control Period, calculated in accordance with Special Condition 48 (*Return on Capital Building Block during the Operations Phase*);

- (b) the Target UCF that will apply in each Charging Year during the forthcoming Control Period, calculated in accordance with Special Condition 55 (*Availability Incentive*);
- (c) the Totex Capitalisation Rate that will apply in each Charging Year during the forthcoming Control Period, calculated in accordance with Special Condition 53 (*Totex Building Block*);
- (d) the Totex Allowance that will apply in each Charging Year during the forthcoming Control Period, calculated in accordance with Special Condition 53;
- (e) the Totex Sharing Factor that will apply in each Charging Year during the forthcoming Control Period, calculated in accordance with Special Condition 53;
- (f) the ODI Incentive Cap that will apply in each Charging Year during the forthcoming Control Period, calculated in accordance with Special Condition 53 and Special Condition 54 (*Market Price Adjustment Building Block*);
- (g) the ODI Incentive Floor that will apply in each Charging Year during the forthcoming Control Period, calculated in accordance with Special Condition 53 and Special Condition 54;
- (h) the Market Price Adjustment Sharing Factor that will apply in each Charging Year during the forthcoming Control Period, calculated in accordance with Special Condition 54;
- (i) in the context of the Operational Incentives Adjustment pursuant to Special Condition 57 (*Operational Incentives Adjustment*), the Operational Incentives Adjustment Floor and the Operational Incentives Repayment Cap that will apply in the forthcoming Control Period;
- (j) the Through Life Capacity Incentive, if any, that will apply in each Charging Year during the forthcoming Control Period, calculated in accordance with Special Condition 46 (*Through Life Capacity Incentive*);
- (k) in the context of the Revenue Support regime set out in Special Condition 56 (*Revenue Support*) any changes to:
 - (i) the Price Differential Multiplier;
 - (ii) the Buyback Repayment Cap; and
 - (iii) the Repayment Multiplier,
 that will apply in the forthcoming Control Period; and/or
- (l) in respect of the Reference Price, determine whether:

- (i) to continue to apply the same Reference Price; and/or
- (ii) to specify a replacement Reference Price.

Part C: The PR Determination

- 7. The Authority will issue each PR Determination by notice to the licensee and will make such modifications to the special conditions as necessary to give effect to the PR Determination.
- 8. The PR Determination will be implemented from [1 April] in the Charging Year following the Charging Year in which the PR Determination was delivered.

Special Condition 59. Qualifying Change in Law or Regulation during the Operations Phase

Introduction

1. The purpose of this special condition is to establish the procedure for the Authority to consider whether to make a CiL Adjustment to account for the occurrence (including anticipated occurrence) of a Change in Law or Regulation in the Operations Phase.

Structure of this special condition

2. This special condition is structured as follows:
 - (a) Part A sets out the circumstances when the licensee may apply to the Authority for, or the Authority may instigate, a CiL Adjustment(s); and
 - (b) Part B confirms that the Authority will produce guidance to describe the process to determine the application and value of any CiL Adjustment.

Part A: CiL Adjustment

3. One or more CiL Adjustments will be applied where:
 - (a) an Operations Phase QCiL:
 - (i) has occurred; or
 - (ii) is reasonably expected to occur in circumstances where the Authority is satisfied that it is necessary for the licensee to incur expenditure to ensure it will comply with the relevant change in advance of the Operations Phase QCiL taking place; and
 - (b) the occurrence of such Operations Phase QCiL has directly caused, or is reasonably likely to directly cause, the licensee to incur or save:
 - (i) any Totex Spend in excess of the Totex De Minimis Amount; or
 - (ii) a materially different ratio of capital expenditure to opex,in either case, that would not have been incurred or saved but for the Operations Phase QCiL occurring, and as determined by the Authority in accordance with and pursuant to Part B.
4. Notwithstanding any other provision of this licence:
 - (a) the licensee will not be entitled to a CiL Adjustment where the licensee is otherwise compensated in respect of the same cost, expenditure or loss; and

- (b) if the licensee is at any time entitled to recover any sum from any party in respect of any matter or circumstance giving rise to a CiL Adjustment from any other entity, the licensee will take all necessary steps to enforce such recovery (and any such amounts recovered will be taken into account in the calculation of the CiL Adjustment).

Part B: Determination of a CiL Adjustment

- 5. The Authority will issue guidance [●] years before Scheduled COD to describe the process to be followed to determine whether a CiL Adjustment applies and the value of any such CiL Adjustment may be.

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