

## Schedules

### Schedule 2

Article 4

#### Modifications to licences granted to authorised transmitters

1.—(1) Condition C20 (assistance for areas with high distribution costs scheme: restriction on revenue)(1) of the standard conditions of the licences of authorised transmitters is modified as follows.

(2) For paragraph 1, substitute—

“1. The licensee must use its best endeavours to ensure that, in each relevant year, the revenue derived by the licensee from the assistance for areas with high distribution costs scheme activity does not exceed the assistance for areas with high distribution costs scheme amount for that relevant year as calculated in accordance with the following formula:

$$HBM_t = A_t + SA_t + (HBOC_t - HBK_t)$$

where—

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HBM <sub>t</sub>	represents the assistance for areas with high distribution costs scheme amount in relation to the relevant year t.
A <sub>t</sub>	represents the assistance amount in relation to the relevant year t.
SA <sub>t</sub>	represents the Shetland assistance amount in relation to the relevant year t.
HBOC <sub>t</sub>	represents the administration allowance in relation to the relevant year t.
HBK <sub>t</sub>	represents the correction amount in relation to the relevant year t.”.

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(3) In paragraph 2—

- (a) in the words before the formula, for the words from “for the first relevant year” to “and for each subsequent relevant year” substitute “for each relevant year”;
- (b) in the formula, for “RPI<sub>t</sub>” substitute CPIH<sub>t</sub>”;
- (c) in the definitions of the terms used in the formula—
  - (i) omit the definition of “RPI<sub>t</sub>”;
  - (ii) after the definition of “A<sub>t-1</sub>” insert—

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(1) Condition C20 was inserted into the standard conditions of licences of authorised transmitters by S.I. 2005/528. It was modified by the “Modification of the Standard Conditions of Electricity Transmission Licences Granted or Treated as Granted under section 6(1)(b) of the Electricity Act 1989” made by the Gas and Electricity Markets Authority with effect from 27th September 2005 (“the 2005 modification”) and by S.I. 2020/146. The 2005 modification is available at: <https://www.ofgem.gov.uk/publications/modification-slc-c20-electricity-transmission-licences-under-section-11a1-electricity-act-1989>.

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““CPIH<sub>t</sub> means the percentage change (whether of a positive or a negative value) in the arithmetic average of the CPIH figures published or determined with respect to each of the six months May to October (both inclusive) in relation to the relevant year t-1 and that are published or determined with respect to the same months in relation to the relevant year t-2.”.

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- (4) In paragraph 2A(2)—
- (a) in the words before the formula, for the words from “for the relevant year” to “and for each subsequent relevant year” substitute “for each relevant year”;
  - (b) in the formula, for “RPI<sub>t</sub>” substitute “CPIH<sub>t</sub>”;
  - (c) in the definitions of the terms used in the formula, for “RPI<sub>t</sub>” substitute “CPIH<sub>t</sub>”.
- (5) In paragraph 3—
- (a) in the words before the formula, for the words from “for the first relevant year” to “and for each subsequent relevant year,” substitute “for each relevant year”;
  - (b) in the formula, for “RPI<sub>t</sub>” substitute “CPIH<sub>t</sub>”;
  - (c) in the definitions of the terms used in the formula—
    - (i) omit the definition of “RPI<sub>t</sub>”;
    - (ii) after the definition of “HBOC<sub>t-1</sub>”, insert—

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“CPIH<sub>t</sub> has the meaning given in paragraph 2.”.

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- (6) In paragraph 4—
- (a) in the words before the formula, for the words from “for the first relevant year” to “and for all subsequent relevant years” substitute “for each relevant year the correction amount”;
  - (b) for the definition of “HBC<sub>t-1</sub>” substitute—

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““HBC<sub>t-1</sub>” means the total income from payments received from authorised suppliers during the relevant year t-1 pursuant to standard condition C21, excluding any interest on late payments.”.

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- (7) After paragraph 4 insert—

“**4A** For the purposes of paragraphs 2 to 4, where the relevant year t-1 is the year beginning on 1 April 2022, the following amounts in relation to that year are the amounts calculated in accordance with this condition as in force immediately before 1 April 2023—

- (a) the assistance amount;
- (b) the Shetland assistance amount;
- (c) the administration allowance;
- (d) the assistance for areas with high distribution costs scheme amount.”.

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(2) Paragraph 2A was inserted by [S.I. 2020/146](#).

- (8) In paragraph 5—
- (a) in the definition of “administration allowance”, omit “specified in or”;
  - (b) in the definition of “assistance amount”, omit “specified in or”;
  - (c) in the definition of “correction amount”, omit “specified in or”;
  - (d) at the appropriate place insert—

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““CPIH”	means the consumer prices index including owner occupiers’ housing costs (all items) published by the Office for National Statistics.”;
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- (e) in the definition of “Shetland assistance amount”—
  - (i) omit “beginning on or after 1 April 2021”;
  - (ii) omit “specified in or”.

**2.—(1)** Condition C21 (assistance for areas with high distribution costs scheme: payments from authorised suppliers)**(3)** of the standard conditions of the licences of authorised transmitters is modified as follows.

- (2) In paragraph 2, after “within Great Britain” insert “by authorised suppliers”.
- (3) In paragraph 2A**(4)**—
  - (a) omit “beginning on or after 1 April 2021”;
  - (b) after “within Great Britain” insert “by authorised suppliers”.
- (4) In paragraph 3, after “to the units of electricity” omit “actually”.
- (5) For paragraph 3A**(5)** substitute—

**“3A.** For each relevant year, for the purpose of information, each invoice issued to an authorised supplier pursuant to paragraph 3 must specify the amount determined by applying the Shetland p/kWh tariff to the units of electricity supplied by that authorised supplier during each period in relation to the relevant year t specified in the table in paragraph 3.”.

- (6) In paragraph 5A**(6)**, omit “beginning on or after 1 April 2021,”.
- (7) In paragraph 6, omit “including the first relevant year”.
- (8) In paragraph 9—
  - (a) in the definition of “administration allowance”, omit “specified in or”;
  - (b) in the definition of “correction amount”, omit “specified in or”;
  - (c) in the definition of “Shetland assistance amount”, omit “beginning on or after 1 April 2021 made”;
  - (d) for the definition of “units of electricity supplied” substitute—

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““units of electricity supplied”	means the amount of electricity, expressed in kWh, supplied to premises <b>(7)</b> (cognate expressions being construed accordingly); and,
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- (3) Condition C21 was inserted into the standard conditions of authorised transmitters by [S.I. 2005/528](#) and amended by [S.I. 2020/146](#).
- (4) Paragraph 2A was inserted by [S.I. 2020/146](#).
- (5) Paragraph 3A was inserted by [S.I. 2020/146](#).
- (6) Paragraph 5A was inserted by [S.I. 2020/146](#).
- (7) For the definition of premises, see section 184(13) of the Energy Act 2004.

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for the avoidance of doubt, in calculating that amount any export of electricity from those premises is to be disregarded.”.

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**3.—**(1) Condition C22 (assistance for areas with high distribution costs scheme: payments to a relevant distributor)**(8)** of the standard conditions of the licences of authorised transmitters is modified as follows.

(2) In the table in paragraph 1, in the heading to the second column, for “paid” substitute “payable”.

(3) In paragraph 1A**(9)**, omit “beginning on or after 1 April 2021”.

(4) In paragraph 2, at the end omit the definition of “Shetland assistance amount”.

(5) In paragraph 3—

(a) in the definition of “assistance amount”—

(i) for “paid” substitute “payable”;

(ii) omit “specified in or”;

(b) at the end insert—

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“Shetland assistance amount

means the amount payable by the licensee to a relevant distributor in relation to any relevant year pursuant to this condition, as calculated in accordance with paragraph 2A of standard condition C20.”.

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**(8)** Condition 22 was inserted into the standard conditions of licences of authorised transmitters by [S.I. 2005/528](#) and amended by [S.I. 2020/146](#).

**(9)** Paragraph 1A was inserted by [S.I. 2020/146](#).