

**STANDARD SPECIAL CONDITIONS APPLICABLE TO BOTH NTS AND DN LICENSEES: PART A**

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STANDARD SPECIAL CONDITIONS APPLICABLE TO BOTH NTS AND DN LICENSEES: PART A

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.  
Gas Transporters Licence: Standard Special Conditions: Part A – Consolidated to 18 July 2022

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#### STANDARD SPECIAL CONDITIONS APPLICABLE TO BOTH NTS AND DN LICENSEES: PART A

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Gas Transporters Licence: Standard Special Conditions: Part A – Consolidated to 18 July 2022

### **Standard Special Condition A3: Definitions and Interpretation**

1. Unless the context otherwise requires, words and expressions used in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) of this licence shall bear the same meaning as set out in this paragraph, to the extent that they apply to the licensee:

“the Act”	means the Gas Act 1986;
“affiliate”	(a) in relation to an undertaking within the meaning of section 1161 of the Companies Act 2006 (“the principal undertaking”), a parent or subsidiary undertaking of the principal undertaking or a subsidiary undertaking of a parent undertaking of the principal undertaking, in each case within the meaning of section 1162 of that Act;  (b) in relation to any person (including such an undertaking), a connected person of that person within the meaning of section 286 of the Taxation of Chargeable Gains Act 1992;
“amount”	in relation to gas, means the energy content thereof expressed in kilowatt hours;

“Accurate Quotation” means a correct charge in accordance with the licensee’s published Gas Connection charging statement.

“ appropriate auditors” means:

(a) in the case of a licensee that is a company within the meaning of section 1 of the Companies Act 2006, a person appointed as auditor under Chapter 2 of Part 16 of that Act ;

(b) in the case of any other licensee that is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to those of Chapter 2 of Part 16 of the Companies Act 2006, a person so appointed; and

(c) in any other case, a person who is eligible for appointment as a company auditor under Part 42 of the Companies Act 2006.

“the Authority” means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000;

“balancing” in relation to a pipe-line system to which this licence relates and in relation to each day, means the taking of such measures as may be available to the licensee, in particular measures affecting the relationship between

deliveries of gas to and offtakes of gas from such pipe-line system on the day in question, to maintain pressures within such pipe-line system at levels which will not, in its reasonable opinion, prejudice the interests of safety or efficiency on that day or on subsequent days;

“balancing management”

means the balancing of the total system through the management of inputs and offtakes of gas to and from the total system. For the avoidance of doubt such management includes but is not necessarily limited to:

- (i) the acquisition or disposal of gas to replace gas lost from the system in respect of NTS shrinkage;
- (ii) the licensee's functions as top-up manager; and
- (iii) the procurement of gas storage capacity for the purposes of meeting operating margins requirements (having the meaning given to that term in the network code);

“capacity rights”

means rights allocated in accordance with the network code to input up to a given volume of gas to the pipe-line system to which this licence relates or offtake up to a given volume of gas from the pipe-line system to which this licence relates;

“charging methodology”	for the purposes of Standard Special Condition A5 (Obligations as Regard Charging Methodology) and Standard Special Condition A12 (Joint Office Governance Arrangements) only, has the meaning given in Standard Special Condition A5 (Obligations as Regard Charging Methodology);
“Citizens Advice”	means the National Association of Citizens Advice Bureaux;
“Citizens Advice Scotland”	means the Scottish Association of Citizens Advice Bureaux;
“compliance officer”	for the purposes of Standard Special Condition A34 (Appointment of Compliance Officer) only, has the meaning given in that condition;
“constraint management”	means the management of capacity rights;
“constraint management services”	means services in relation to the management of capacity rights;
“Consumer Scotland”	Means the body corporate established by the Consumer Scotland Act 2020;
“Controlled Gas Escape or Other Controlled Gas Emergency”	means a gas escape or other gas emergency where the person reporting the escape or other emergency, after carrying out (or causing to be carried out) the actions advised by the telephone service, advises the operator

	that the escape of gas or other emergency appears to have ceased.
“the court”	means, in relation to England and Wales, the High Court and, in relation to Scotland, the Court of Session;
“cross-default obligation”	for the purposes of Standard Special Condition A39 (Indebtedness) only, has the meaning given in that condition;
“customer”	means domestic and non-domestic customers and prospective customers of licensed gas suppliers, gas shippers, gas suppliers, Independent Gas Connection Providers, licensed gas transporters or any other person requesting Gas Connection services specified under paragraph 1(a) of Standard Special Condition D10 (Quality of Service Standards).
“Customer Objective”	means the Fair treatment of each Domestic Customer, including each Domestic Customer in a Vulnerable Situation by the Licensee and any Representative.
Data Assurance Guidance (DAG)	means the document issued by the Authority from time to time pursuant to a direction under Condition A55.
“de minimis business”	for the purposes of Standard Special Condition A30 (Regulatory Accounts) and Standard Special Condition A36

(Restriction on Activity and Financial Ring Fencing) only, has the meaning given in Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing);

“derivative”

shall have the meaning given to it in the Glossary to the Handbook of Rules and Guidance issued by the Financial Services Authority pursuant to the Financial Services and Markets Act 2000 as at 1 April 2002;

“designated registrar of pipes”

means the person designated by the Authority to fulfil that role pursuant to Standard Special Condition A49 (Designated Registrar of Pipes);

“the Directive”

means Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC as it has effect immediately before IP completion day as read with the modifications set out in the Act.

“Disconnection”

means an isolation of a service pipe, pipes or gas assets and, where required, mains feeding multiple properties.

“Diversion”

means work to relocate existing assets, mains and/or associated services.



“disposal”

for the purposes of Standard Special Condition A27 (Disposal of Assets) only, has the meaning given in that condition;

“distribution network”

means a gas distribution network as defined with reference to the aggregate of its constituent local distribution zones (as defined in the Uniform Network Code (“LDZs”)) in accordance with the table set out below:

<b>Distribution Network</b>	<b>LDZ</b>
East of England	East Midlands, Eastern
London	North Thames
North West	North West
West Midlands	West Midlands
Northern	Northern, North East
Scotland	Scotland
Southern	South East, Southern
Wales and West	Wales North, Wales South, South West

“DN operator”

means the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 in relation to one or more distribution networks who is obliged to comply with one or more conditions in Standard Special Conditions Part D;

“domestic customer”

means a person supplied or requiring to be supplied with gas at Domestic Premises (but excluding such a person

	in so far as he is supplied or requires to be supplied at premises other than Domestic Premises);
“domestic premises”	means premises at which a gas supply is taken wholly or mainly for domestic purposes;
“Emergency Service Provider”	shall have the same meaning as in the Gas Safety (Management) Regulations 1996.
“ECP Guidance”	means the document issued by the Authority in accordance with Standard Special Condition A57 (Exit Capacity Planning).
“Fair”	The licensee or any representative would not be regarded as treating a Domestic Customer fairly if their actions or omissions give rise to a likelihood of detriment to the Domestic Customer, unless the detriment would be reasonable in all the relevant circumstances.
“Fair Treatment Guidance”	means the document of that name published on the Authority’s Website.
“Financial Resilience report”	means the report prepared by the licensee pursuant to Part C of Standard Special Condition A38: Credit Rating of the Licensee and related obligations.
“financial year”	means, subject to Standard Special Condition A30 (Regulatory Accounts) (where applicable), a period of 12

months beginning on 1<sup>st</sup> April of each year and ending on 31<sup>st</sup> March of the following calendar year;

“Flow Rate”

means the rate at which energy is or may be delivered to the pipe-line system to which this licence relates expressed in GW.

“formula year”

means a period of twelve months commencing on 1 April at 05:00 hours;

“gas”

in relation to storage, includes gas in a liquid state and “storage”, in relation to gas in either a gaseous or liquid state, means storage in, or in a facility which is connected (directly or indirectly) to, the pipe-line system to which this licence relates and cognate expressions shall be construed accordingly;

“Gas Connection”

means the Gas Connection of a service (or any part thereof) under sections 9(1)(b) and 10(2) of the Act for:

- (a) the establishment of a new Gas Connection; or
- (b) the alteration of an existing Gas Connection to premises on the transportation system;

where a service means a pipe (if any) installed or to be installed between any main and any emergency control valve at the relevant premises.

“Gas Entry Agreement”	means an agreement made between the licensee and another person for connection to the pipe-line system to which this licence relates at a gas entry point for the purpose of introducing gas into that pipe-line system and/or the delivery of gas onto that pipe-line system.
Gas Entry Point	means a point at which gas may be introduced into the pipe-line system to which this licence relates, but does not include any point at which such pipe-line system is connected to the pipe-line system of either the NTS operator or another DN operator.
“gas shipper”	shall have the meaning given to it in section 7A(11) of the Act;
“holding company”	means a holding company within the meaning of section 1159 of the Companies Act 2006;
“Housekeeping Modification Working Group”	means a working group established for the purposes of considering proposed Housekeeping Modifications under Standard Special Condition A56 (Housekeeping licence modifications).
“Housekeeping Modification”	means minor changes such as: <ul style="list-style-type: none"> <li>(a) renumbering of paragraphs, capitalising defined terms and deleting transitional provisions that have expired;</li> <li>(b) corrections of evident mistakes including typographical errors,</li> </ul>

	<p>incorrect cross-references and formatting errors;</p> <p>(c) updates to:</p> <p>(i) version numbers of other documents mentioned in the licence;</p> <p>(ii) the titles of re-enacted legislation;</p> <p>names of bodies that have been renamed.</p>
“indebtedness”	for the purposes of Standard Special Condition A39 (Indebtedness) only, has the meaning given in that condition;
“Independent Gas Connection Provider”	means any person that provides consultancy and/or engineering services in relation to Gas Connections on behalf of customers, gas shippers, gas suppliers and gas transporters.
“Independent System”	means a pipe-line system in Great Britain to which this licence relates which includes relevant mains and which is not connected (directly or indirectly) by pipes to the main pipeline system of a relevant gas transporter;
“information”	shall include any documents, accounts, estimates, returns, records or reports and data in written, verbal or electronic form and information in any form or medium whatsoever (whether or not prepared specifically at the request of the Authority or Citizens Advice or Citizens Advice Scotland or Consumer

- Scotland) or of any description specified by the Authority;
- “information covenantor” for the purposes of Standard Special Condition A26 (Provision of Information to the Authority) only, has the meaning given in that condition;
- “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 Corporate 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;
  - (d) a rating which, the Authority directs, is equivalent to those referred to in sub-paragraphs (a), (b), or (c) and issued by:
    - (i) any of the credit rating agencies as referred to in sub-paragraphs (a), (b), or (c); or
    - (ii) any other reputable credit rating agency which, in the opinion of the Authority,

notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America.

“investment”

for the purposes of Standard Special Conditions A36 (Restriction on Activity and Financial Ring Fencing) and A39 (Indebtedness) only, has the meaning given in Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing);

“Investment Grade”

(a) means in relation to any Issuer Credit Rating or Instrument Credit Rating unless otherwise directed: one of the following:

(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 Service Inc. or any of its subsidiaries;

(iii) a rating of not less than BBB- by Fitch Ratings Ltd or any of its subsidiaries;

(iv) in relation to Issuer Credit Ratings only, a rating of not less than BBB (low) by DBRS

Ratings Limited or any of its affiliates; or

(v) a rating which, the Authority directs, is equivalent to those referred to in sub-paragraphs (i), (ii), (iii) and (iv) issued by:

(aa) any of the credit rating agencies referred to in sub-paragraphs (i), (ii), (iii) or (iv); or

(bb) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America; or

(b) such higher rating as may be specified by those agencies from time to time as the lowest investment grade credit rating.

“IP completion day”

has the same meaning as that given in section 39(1) of the European Union (Withdrawal) Act 2020;

“Issuer Credit Rating”

means:



- (a) an issuer credit rating by Standard & Poor’s Ratings Group or any of its subsidiaries;
- (b) an issuer credit rating by Moody’s Investors Service Inc. or any of its subsidiaries;
- (c) an issuer credit rating by Fitch Ratings Ltd or any of its subsidiaries;
- (d) an issuer credit rating by DBRS Ratings Limited or any of its affiliates; or
- (e) a rating which, the Authority directs, is equivalent to those referred to in sub-paragraphs (a), (b), (c) or (d) and issued by:
  - (i) any of the credit rating agencies as referred to in sub-paragraphs (a), (b), (c) or (d); or
  - (ii) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America.

“Land Enquiry”

means:

- (a) a request by a customer for an indication of the availability of gas,

an estimate of pressure that is or may become available, an estimate of the cost of the relevant Gas Connection; and

(b) where appropriate, the approval of a design for the provision of a new Gas Connection, alteration of an existing Gas Connection, or a Disconnection.

“last resort supplier”

for the purposes of Standard Special Condition A50 (System Development Obligations) only, has the meaning given in that condition;

“legally binding decisions of the European Commission and/or the Agency”

means any relevant legally binding decisions of the European Commission and/or the Agency, but a binding decision does not include a decision that is not, or so much of a decision as is not, Retained EU Law;

“licensee”

means the holder of this licence in its capacity as:-

(a) NTS operator; or

(b) DN operator

and, for the avoidance of doubt, nothing in this definition shall prevent a single legal entity being both an NTS operator and a DN operator. This definition will apply other than in relation to the following conditions: Standard Special Condition A36 (Restriction on Activity

	and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources), Standard Special Condition A38 (Credit Rating of the Licensee) and Standard Special Condition A39 (Indebtedness) to the extent that the provisions have effect in this licence;
“main administration service”	for the purposes of Standard Special Condition A49 (Designated Registrar of Pipes) only, has the meaning given in that condition;
“Maximum Flow Rate”	means the highest rate at which energy is or may be delivered to the pipe-line system to which this licence relates expressed in GW.
“metering activities”	means tariff capped metering activities and non-tariff capped metering activities;
"metering business"	means the activities of the licensee in connection with the provision of metering services;
"metering equipment"	means the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of Transco plc’s Network Code as at 1 April 1997 as defined within Amended Standard Condition 9 (Network Code) of Transco plc's gas transporter licence on that date;

"metering services"	means the provision, installation, commissioning, inspection, repairing, alteration, repositioning, removal, renewal and maintenance of metering equipment;
"meter reading business"	means the activities of the licensee in connection with the provision of meter reading services;
"meter reading services"	means the retrieval and verification of meter reading data from gas meters, the inspection of the meter from which data is retrieved and the delivery of such data to any relevant person for the purpose of data processing, other than in relation to meter readings that the licensee obtains on its own behalf for the purpose of securing the efficient and economical physical operation of the pipe-line system to which this licence relates;
“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 but not limited to 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.

“network code”

means the document prepared by or on behalf of the licensee pursuant to paragraph 3 of Standard Special Condition A11 (Network Code and Uniform Network Code), (as that document is modified from time to time pursuant to that condition) and where the context requires, references to network code shall include the uniform network code to the extent that it is incorporated by reference;

“network code modification procedures”

for the purposes of Standard Special Condition A11 (Network Code and Uniform Network Code) and Standard Special Condition A12 (Joint Office Governance Arrangements), has the meaning given in Standard Special Condition A11 (Network Code and Uniform Network Code);

“network emergency co-ordinator”

for the purposes of Standard Special Condition A8 (Emergency Services and Enquiry Services Obligations) only, has the meaning given in that condition;

“non-domestic customer”

means a customer of a gas supplier who is not a domestic customer;

“Non-Standard Quotation”	means a quotation other than a standard quotation (but excluding a self-quote).
“non-tariff capped metering activities”	means all metering activities (including for the avoidance of doubt meter reading) provided by the licensee other than tariff-capped metering activities;
“NTS”	means the national transmission system as defined in the network code;
“NTS exit capacity”	shall have the meaning given to the terms “NTS Exit Capacity” and “NTS Offtake Capacity” in the network code;
“NTS exit flat capacity”	shall have the meaning given to the term “NTS Offtake (Flat) Capacity” in the network code;
“NTS exit flow flexibility”	shall have the meaning given to the term “NTS Offtake (Flexibility) Capacity” in the network code;
“NTS operator”	means the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 in relation to the NTS who is obliged to comply with one or more conditions in Standard Special Conditions Part B;
“NTS shrinkage”	means the sum of NTS own use gas and NTS unaccounted for gas (both having the meanings given to those terms in the network code);
“owned”	in relation to a gas meter or other property, includes leased and cognate

expressions shall be construed accordingly;

“participating interest”

has the meaning given in regulations made under Part 15 of the Companies Act 2006;

“permitted purpose”

means the purpose of all or any of the following:

- (a) the transportation business;
- (b) the metering business;
- (c) the meter reading business;
- (d) any other business or activity within the limits of paragraph 4 of Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing); and/or

without prejudice to the generality of paragraphs (a) to (d), any payment or transaction lawfully made or undertaken by the licensee for a purpose within subparagraphs 1(b)(i) to (vii) of Standard Special Condition A39 (Indebtedness);

“Potential Mitigating Actions”

means actions designed to improve the Issuer Credit Rating, Significant Instrument Credit Rating and/or financial resilience, including but not limited to:

- (a) dividend restraint;
- (b) equity injection or other additional sources of finance;
- (c) profiling of investment within the Price Control Period;
- (d) cost reduction;
- (e) profiling of financial liabilities within the Price Control Period; and
- (f) if relevant, negotiations with lenders regarding covenants and possible exemptions

“Price Control Period”

means the period of five years beginning on 1 April 2021 and ending on 31 March 2026.

“primary sub-deduct premises”

means premises to which gas is conveyed by a gas transporter before being conveyed to secondary sub-deduct premises;

“Priority Services Codes”

means the codes belonging to the Priority Services Codes category, as defined in the ‘Market Domain Data’ document, which is comprised within the ‘Supply Point Administration Agreement’ industry code (or any successor) that relates to transferring data about Vulnerable Customers.

“Published Rating Report”

means a rating action announcement, credit opinion report, rating report, research update or transaction update which:



	(a) specifically relates to the licensee; and
	(b) is published by any rating agency that is paid by the licensee (or a company in the licensee’s group) to provide either an Issuer Credit Rating or a Significant Instrument Credit Rating.
“quantity” and “volume”	in relation to gas are synonymous;
“the Regulation”	means Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009 on conditions for access to the national gas transmission networks and repealing Regulation 2005/1775/EC, as amended by Commission Decision 2010/685/EU of 10 November 2010.;
“regulatory accounts”	for the purposes of Standard Special Condition A30 (Regulatory Accounts) only, has the meaning given in that condition;
“Regulatory Period”	means each period of 12 months starting on 1 April.
“Regulatory Year”	means a period of twelve months commencing on 1 April at 05:00 and ending on the following 1 April immediately before 05:00. The first such Regulatory Year (t=1) commences on 1 April 2021 at 05:00 hours.

“related undertaking”	in relation to any person, means any undertaking (within the meaning of section 1161 of the Companies Act 2006) in which such person has a participating interest;
“relevant customer”	for the purposes of Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations) only, has the meaning given in that condition;
“relevant gas transporter”	means a gas transporter who is a DN operator or an NTS operator;
“relevant methodology objective”	for the purposes of Standard Special Condition A5 (Obligations as Regard Charging Methodology) only, has the meaning given in that condition;
“relevant objectives”	for the purposes of Standard Special Condition A11 (Network Code and Uniform Network Code) only, has the meaning given in that condition;
“relevant period”	for the purposes of Standard Special Condition A50 (System Development Obligations) only, has the meaning given in that condition;
“relevant shipper”	means, in relation to any premises, a gas shipper which has made arrangements with the licensee in pursuance of which gas is conveyed to those premises, and, in relation to any secondary sub-deduct premises, such arrangements shall be deemed to have

been made where, in pursuance of arrangements made by a gas shipper, gas is taken out of the pipe-line system to which this licence relates at the relevant primary sub-deduct premises with a view to its conveyance to those secondary sub-deduct premises. This definition will apply other than in relation to the following conditions: (to the extent that the provisions have effect in this licence), Standard Special Condition A11 (Network Code and Uniform Network Code) and Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business);

“relevant supplier”

means in relation to any premises, a gas supplier which supplies to those premises gas which is conveyed thereto (or, where the premises are secondary sub-deduct premises) by the licensee. This definition will apply other than in relation to the following condition: Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business);

“relevant year”

for the purposes of Standard Special Condition A48 (Last Resort Supply:

	Payment Claims) only, has the meaning given in that condition;
“Representative”	in relation to the licensee, means any person directly or indirectly authorised to represent the licensee in its dealings with Domestic Customers.
“retail price index”	means the general index of retail prices published by the Office for National Statistics each month in respect of all items or:- (a) if the index for any month in any year shall not have been published on or before the last day of the third month after such month, such index for such month or months as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the circumstances; or if there is a material change in the basis of the index, such other index as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the circumstances;
“Retained EU Law”	has the same meaning as that given by section 6(7) of the European Union (Withdrawal) Act 2018.
“risk criteria”	(b) for the purposes of Standard Special Condition A50 (System Development

	Obligations) only, has the meaning given in that condition;
“routing guidelines”	for the purposes of Standard Special Condition A50 (System Development Obligations) only, has the meaning given in that condition;
“secondary sub-deduct premises”	means premises to which gas is conveyed in pursuance of an exemption from section 5(1)(a) of the Act granted under section 6A thereof, for supply by a gas supplier;
“specified amount”	for the purposes of Standard Special Condition A48 (Last Resort Supply: Payment Claims) only, has the meaning given in that condition;
“Self-Quote”	means a quotation produced by the customer for the provision of a new or alteration of an existing Gas Connection in accordance with any conditions published by the licensee to enable the customer to calculate the cost of the relevant works.
Significant Instrument Credit Rating	means an Instrument Credit Rating relating to debt issued by the licensee or a funding vehicle of the licensee which represents more than 10% of the licensee’s total debt.
Specified Information	means as a minimum: <ul style="list-style-type: none"> <li>(a) the number of requests which the licensee has received for each of</li> </ul>

the services referred to in paragraph 1(a) of Standard Special Condition D10 (Quality of Service Standards);

(b) the number of requests for each of the services referred to in paragraph 1(a) of Standard Special Condition D10 (Quality of Service Standards) in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(a)-(f) of Standard Special Condition D10 (Quality of Service Standards);

(c) the number of requests for each of the services referred to in paragraph 1(a) of Standard Special Condition D10 (Quality of Service Standards) in respect of which the licensee has not provided the requested service within the timescales set out in paragraph 2(a)-(f) of Standard Special Condition D10 (Quality of Service Standards);

(d) the amount (if any) paid for the purposes of refunding customers for failure to provide an accurate quotation;

- (e) the amount of compensation (if any) paid by the licensee for the purpose of compensating customers entitled to compensation under regulations made under section 33AA of the Act;
- (f) the number of times any payment caps specified under regulations made under section 33AA of the Act have been reached;
- (g) the results of any audit carried out under paragraph 7 of Standard Special Condition D10 (Quality of Service Standards).above;
- (h) the number of Gas Connection, Disconnection and Diversion requests under paragraph 1(a) of Standard Special Condition D10 (Quality of Service Standards) that the licensee has identified as falling within the categories set out in paragraph 8 of Standard Special Condition D10 (Quality of Service Standards);
- (i) the number of calls received under paragraph 1(b) of Standard Special Condition D10 (Quality of Service Standards) and the number of calls in respect of which the licensee has provided the requested service

within the timescales set out in paragraph 2(g)(i) and 2 (g)(ii) of Standard Special Condition D10 (Quality of Service Standards);

- (j) the number of reports received under paragraph 1(c) of Standard Special Condition D10 (Quality of Service Standards) that the licensee has identified as falling within the category set out in paragraph 2(h)(i)(a) or 2(h)(i)(b) of Standard Special Condition D10 (Quality of Service Standards) and the number of reports in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(h)(i)(a) and 2(h)(i)(b) of Standard Special Condition D10 (Quality of Service Standards) respectively.

“Standard Quotation”

means a standard quotation (excluding a self-quote) that does not require a site visit.

“Standards of Conduct”

means the standards set out in paragraph 4 of Standard Special Condition D21.

“statutory accounts”

means the accounts that the licensee prepares under the Companies Act 2006;



“subsidiary”	means a subsidiary within the meaning of section 1159 of the Companies Act 2006;
“Substantial Completion”	means that the Gas Connection and the emergency control valve to the premises has been installed and commissioned.
“supply of transportation services”	<p>means the undertaking and performance for gain or reward of engagements –</p> <p>(a) in connection with the conveyance of gas through the transportation system;</p> <p>(b) for the prevention of the escape of gas which has been taken off the transportation system; and</p> <p>(c) relating to the acquisition of capacity rights, gas or gas derivatives for the purpose of:</p> <p style="padding-left: 40px;">(i) the balancing of the transportation system through the acquisition or disposal of gas to replace gas lost from the transportation system; and</p> <p style="padding-left: 40px;">(ii) constraint management;</p> <p>not being the provision of metering services or the provision of meter reading services. This definition will apply other than in relation to the</p>

	following conditions: Standard Special Condition A5 (Obligations as Regard Charging Methodology), and Special Condition 1C (NTS definition of supply of transportation services), applicable to the NTS operator, to the extent that these provisions have effect in this licence.
“supply point information service”	for the purposes of Standard Special Condition A31 (Supply Point Information Service) only, has the meaning given in that condition;
“tariff capped metering activities”	in respect of a DN operator, shall have the meaning given to that term in Special Condition 4D (Restriction of prices in respect of tariff capped metering activities) applicable to the DN operator.
“top-up manager”	shall have the meaning given to that term in the network code;
“total system”	means the pipe-line system to which this licence relates, together with any other pipe-line system operated by the licensee and the pipe-line systems of all other relevant gas transporters as further described in the network code;
“trading business”	for the purposes of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence

of the Transportation Business) only,  
has the meaning given in that condition;

“Transco plc”

means the company (registered in England and Wales under company registration number 2006000) which had that name on 1 October 2001 whether or not it previously had a different name and whether that name is subsequently changed;

“transportation arrangements”

means arrangements (including subduct arrangements defined in paragraph 2 of this condition) whereby gas shippers and relevant gas transporters (insofar as their licences permit) may, from time to time and in different cases and circumstances, have gas introduced into, conveyed by means of and taken out of the pipe-line system to which this licence relates and arrangements falling within the preceding provisions of this definition shall be transportation arrangements notwithstanding that they may involve the utilisation of:

- (a) facilities for the storage of gas in so far as the licensee uses them in connection with its independent systems, including such facilities so used for the purpose of conveying gas to such a system; or

(b) storage facilities used by the licensee solely for the diurnal storage of gas which has been introduced into its pipe-line system,

but excepting arrangements relating to services supplied pursuant to Standard Special Condition D18 (Provision of Metering and Meter Reading Services). This definition will apply other than in relation to the following conditions (to the extent that the provisions have effect in this licence): Standard Special Condition A4 (Charging – General), Standard Special Condition A5 (Obligations as Regard Charging Methodology), Standard Special Condition A7 (Requirement to Enter into Transportation Arrangements in conformity with the Network Code), Standard Special Condition A11 (Network Code and Uniform Network Code), and Special Condition 7A (Long Term Development Statement) applicable to the NTS operator;

“transportation asset”

for the purposes of Standard Special Condition A27 (Disposal of Assets) only, has the meaning given in that condition;

“transportation business”

means the activities of the licensee connected with the development, administration, maintenance, and operation of the transportation system and with the supply of transportation services but excluding the metering business and the meter reading business. This definition will apply other than in relation to the following conditions (to the extent that the provisions have effect in this licence): Standard Special Condition A5 (Obligations as Regard Charging Methodology), Standard Special Condition A6 (Conduct of Transportation Business), Standard Special Condition A26 (Provision of Information to the Authority), Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business), Standard Special Condition A35 (Prohibition of Cross Subsidies), Special Condition 11B (Allocation of revenues and costs for calculations under the price control in respect of the NTS transportation owner activity and NTS system operation activity) applicable to the licensee NTS operator and Special Condition 4B (Allocation of revenues and costs for calculations

under the price control in respect of the Distribution Network) applicable to the DN operator;

“transportation system”

means the facilities to which this licence relates which are used by the licensee for the conveyance of gas within Great Britain;

“ultimate controller”

means:-

(a) a holding company of the licensee which is not itself a subsidiary of another company;

(b) any person who (whether alone or with a person or persons connected with him) is in a position to control, or to exercise significant influence over, the policy of the licensee or any holding company of the licensee by virtue of:

(i) rights under contractual arrangements to which he is a party or of which he is a beneficiary; or

(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary,

but excluding any director or employee of a corporate body in his capacity as such; and

(c) for the purposes of subparagraph (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;

“uniform network code”

means the document prepared by the licensee together with other relevant gas transporters pursuant to Standard Special Condition A11 (Network Code and Uniform Network Code) (as from time to time modified pursuant to that condition); and

“working day”

means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

Vulnerable Situation

means a situation resulting from a combination of the personal circumstances and characteristics of a Domestic Customer with aspects of the market so that that the Domestic Customer in question is:

- (a) significantly less able than a typical Domestic Customer to protect or represent their interests; or

- (b) significantly more likely to suffer detriment or more substantial detriment than a typical Domestic Customer.

- 1A. Any reference in this condition to the provisions of the Companies Act 2006 shall before 6 April 2008 be construed as a reference to the corresponding provisions of the Companies Act 1985 or the Companies Act 1989 where applicable in force on 31 March 2008.
  
2. In the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence) except where the context otherwise requires -
  - (a) any reference to “**the relevant primary sub-deduct premises**”, in relation to any secondary sub-deduct premises, is a reference to the primary sub-deduct premises to which gas was conveyed before its conveyance to those secondary sub-deduct premises;
  - (b) any reference to “**sub-deduct arrangements**”, in relation to any secondary sub-deduct premises, is a reference to arrangements which a gas shipper makes with the licensee in pursuance of which gas is taken out of the pipe-line system to which this licence relates at the relevant primary sub-deduct premises with a view to its conveyance to those secondary sub-deduct premises; and/or
  - (c) any reference to “customer” shall, notwithstanding paragraph 3 include a person who is supplied with gas at secondary sub-deduct premises.
  
3. Any words or expressions used in the Utilities Act 2000 or Part I of the Act shall, unless contrary intention appears, have the same meanings when used in Part A: Standard



Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence).

4. Except where the context otherwise requires, any reference to a numbered Standard Special Condition (with or without a letter), Special Condition applicable to the licensee (with or without a letter) or Schedule is a reference to the Standard Special Condition (with or without a letter), Special Condition applicable to the licensee (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the Standard Special Condition, Special Condition applicable to the licensee or Schedule in which the reference occurs, and any reference to a numbered part is a reference to the part bearing that number in this licence.
5. The conditions in this Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence) shall have effect as if, in relation to a licence holder who is a natural person, for the words “it”, “its” and “which” there were substituted the words “she”, “her”, “hers” and “whom”, and cognate expressions shall be construed accordingly.
6. Except where the context otherwise requires, a reference in a Standard Special Condition or Special Condition applicable to the licensee to a paragraph is a reference to a paragraph of that condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.

7. Any reference in the conditions contained in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence) to -
- (a) a provision thereof;
  - (b) a provision of the standard conditions of gas transporters' licences;
  - (c) a provision of the standard conditions of gas shippers' licences, or
  - (d) a provision of the standard conditions of gas suppliers' licences,
- shall, if these conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these or the other standard conditions in question as modified.
8. In construing the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence), the heading or title of any Standard Special Condition or Special Condition applicable to the licensee or paragraph shall be disregarded.
9. Any reference in a Standard Special Condition or Special Condition which has effect in this licence to the purposes of that condition generally is a reference to the purposes of that condition as incorporated in this licence and as incorporated in each other licence under section 7 of the Act (whenever granted) which incorporates it.
10. Where any obligation of the licence is required to be performed by a specified date or time, or within a specified period, and where the licensee has failed so to perform, such obligation shall continue to be binding and enforceable after the specified date or time, or after the expiry of the specified period (but without prejudice to all the rights and

remedies available against the licensee by reason of the licensee's failure to perform by that date or time, or within that period).

11. Where a condition in this licence refers to the consent or approval of the Authority, such consent or approval may be made subject to such conditions as the Authority may specify.
12. Anything required by or under the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same has effect in this licence) to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case:
  - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and
  - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.
13. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Standard Special Conditions or Special Conditions applicable to the licensee which are incorporated in all gas transporter licences. Where -
  - (a) any definition is not used in the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to

the licensee (DN) (to the extent that the same has effect in this licence), a definition shall, for the purposes of this licence, be treated -

- (i) as part of the Standard Special Condition or Special Condition applicable to the licensee in which it is used; and
  - (ii) as not having effect in the licence until in relation to Standard Special Conditions, such time as the Standard Special Condition in which the definition is used has effect within the licence as a result of any direction issued pursuant to Standard Special Condition A1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to both NTS and DN licensees), Standard Special Condition B1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to NTS licensees) or Standard Special Condition D1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to DN licensees) or, in relation to Special Conditions when such condition has been inserted into the licence with the consent of the licensee;
- (b) any definition which is used in the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same has effect in this licence) is also used in one or more other Parts -

- (i) that definition shall only be modifiable in accordance with the modification process applicable to each of the Standard Special Conditions or Special Conditions applicable to the licensee in which it is used; and
- (ii) if any such Standard Special Condition or Special Condition applicable to the licensee is modified so as to omit that definition, then the reference to that definition in this condition shall automatically cease to have effect.

14. Without prejudice to sections 11 and 23(1) of the Interpretation Act 1978 -

- (a) the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence) shall be interpreted and construed in like manner as an Act of Parliament passed after the commencement of the Interpretation Act 1978, and
- (b) words or expressions used in the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) to the extent that the same have effect in this licence which are also used in Part I of the Act or in the standard conditions of gas transporters licences shall, unless the contrary intention appears, have the same meaning when used in these conditions.

15. For the avoidance of doubt, if, pursuant to a direction issued pursuant to Standard Special Condition A1 (Application/Disapplication of standard conditions in Section A

(Interpretation and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to both NTS and DN licensees), Standard Special Condition B1 (Application/Disapplication of standard conditions in Section A (Interpretation and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to NTS licensees) or Standard Special Condition D1 (Application/Disapplication of standard conditions in Section A (Interpretation and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to DN licensees), any standard condition ceases to have effect, any references to such standard condition in any condition in this licence (including for the avoidance of doubt any other standard condition) shall be construed, so far as the context permits, as a reference to the corresponding provision of the Standard Special Conditions or Special Conditions applicable to the licensee which have been made effective pursuant to such direction in place of such standard condition.

16. Where a single legal entity holds more than one licence granted or treated as granted under section 7 of the Gas Act 1986, the provisions of these Standard Special Conditions apply separately in relation to the relevant licence; except Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources) and Standard Special Condition A39 (Indebtedness) which apply to the single legal entity that holds the licences.

## **Standard Special Condition A4: Charging – General**

1. The licensee shall furnish the Authority with a statement of -
  - (a) the charges to be made in pursuance of transportation arrangements, other than those sold by way of auction pursuant to which the price payable for such transportation arrangements is determined, with specified descriptions of gas shippers in different specified cases or descriptions of cases;
  - (b) the reserve price, if any, to be applied in any auction in respect of transportation arrangements; and
  - (c) the methods by which, and the principles on which, those charges or reserve prices are determined in accordance with the methodology referred to in paragraph 5;and, without prejudice to paragraph 2, if any change is made in the charges to be so made, or in the reserve prices to be applied, or in the methods by which, or the principles on which, those charges or reserve prices are to be so determined, the licensee shall, before the change takes effect or, if that is not reasonably practicable, as soon as is reasonably practicable thereafter, furnish the Authority with a revision of the statement or, if the Authority so accepts, with amendments to the previous statement, which reflect the change.
2. The licensee shall –
  - (a) NOT USED
  - (b) NOT USED
  - (c) comply with the joint governance arrangements (as defined in Standard Special Condition A12 (Joint Office Governance Arrangements)) to the extent that such arrangements relate to the administration of any changes referred to in subparagraph (a), if applicable, whether made by the licensee and/or any other relevant gas transporter;
  - (d) give the Authority notice of any proposals which it is considering, to change the charges or reserve prices mentioned in paragraph 1, together with a reasonable

estimate of the effect of the proposals (if implemented) on those charges or auctions for which the reserve prices are to be applied, and shall use all reasonable endeavours to do so at least 150 days before the proposed date of their implementation; and

- (e) where the licensee has decided to implement any proposals to change the charges or reserve prices mentioned in paragraph 1, give the Authority notice of this decision and the date on which the proposals will be implemented which shall not, unless the Authority otherwise consents, be less than a month after that on which the notice required by this sub-paragraph was given.

2A. In relation to any information provided under sub-paragraph (b) of paragraph 2, if applicable, the Authority:

- (i) may, if it considers that the information provided is insufficient, request by notice in writing that this information be supplemented with such additional material as it considers appropriate; and
- (ii) shall make public the information (other than any confidential information) supplied by the licensee in any statement made under sub-paragraph (b) of paragraph 2 and, if applicable, any supplementary information provided to the Authority following its receipt in response to a request under sub-paragraph (i).

3. The licensee shall -

- (a) publish any statement, or revision or amendment of a statement, furnished, or notice given, under paragraph 1 or 2 in such manner as will, in its reasonable opinion, secure adequate publicity for it; and
- (b) send a copy of any such statement, revision, amendment or notice so published to any person who asks for one.

4. Except in a case in which the Authority accepts otherwise, the licensee shall only enter into transportation arrangements which either

- (a) secure that the charges in pursuance thereof will be in conformity with the statement last published under paragraph 3 either -



- (i) before it enters into the arrangements; or
  - (ii) before the charges in question from time to time fall to be made,
- and, for the purposes of this paragraph, the reference to the statement last published under paragraph 3 shall be construed, where that statement is subject to amendments so published before the relevant time, as a reference to that statement as so amended; or
- (b) are subject to prices set in an auction process which include either –
    - (i) a reserve price in conformity with the statement last published under paragraph 3 before the auction took place; or
    - (ii) no reserve price.
5. Subject to paragraph 6, if applicable, the licensee shall -
- (a) establish a methodology showing the methods by which, and the principles on which (except in a case in which the Authority accepts otherwise) such charges as are mentioned in paragraph 1(a) and such reserve prices as are mentioned in paragraph 1(b) are to be determined; and
  - (b) conform to the methodology so established as from time to time modified in accordance with Standard Special Condition A5 (Obligations as Regard Charging Methodology).
6. NOT USED
7. NOT USED
8. References in paragraphs 1 to 5 to charges do not include references to -
- (a) charges related to the acquisition or disposal of gas for purposes connected with the balancing of the pipe-line system to which this licence relates; or
  - (b) the extent (if any) to which the Authority has accepted that they should, as respects certain matters, be so determined, to charges determined by reference to provisions in that behalf set out in the network code,
- and, subject as aforesaid, references in this condition and in Standard Special Condition A5 (Obligations as Regard Charging Methodology) and standard condition 4B

(Connection Charges etc) to charges include references to the means whereby charges may be ascertained.

9. NOT USED

10. NOT USED

11. In this condition:

**“transportation arrangements”**

shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) save that references therein to the term “pipe-line system” shall be amended so as to refer to “pipe-line system or any part thereof”.

## **Standard Special Condition A5: Obligations as Regard Charging Methodology**

1. Except in so far as the Authority consents to the licensee not doing so, the licensee shall, subject to paragraphs 2, 2A, 3, 10A and 10B of this condition and paragraph 10(ab) of Standard Special Condition A11 (Network Code and Uniform Network Code) from time to time make such modifications of the methodology established in pursuance of paragraph 5 of Standard Special Condition A4 (Charging – General) (“**the charging methodology**”) as may be requisite for the purpose of achieving the relevant methodology objectives.
2. Except in so far as the Authority otherwise approves, or in response to a determination by the Secretary of State under paragraph 2A of Standard Special Condition A27 (Disposal of Assets), the licensee shall not make a modification of the charging methodology unless it has complied with the requirements of the network code modification procedures as defined in Standard Special Condition A11 (Network Code and Uniform Network Code) subject to paragraphs 10A and 10B of this condition.
- 2A. The licensee shall –
  - (a) for the purposes of ensuring that the charging methodology achieves the relevant methodology objectives, keep the charging methodology at all times under review;
  - (b) NOT USED; and
  - (c) comply with the joint governance arrangements (as defined in Standard Special Condition A12 (Joint Office Governance Arrangements)) to the extent that such arrangements relate to the administration of any changes referred to in sub-paragraph (b), if applicable, whether made by the licensee and/or any other relevant gas transporter.
3. Subject to paragraph 4, the licensee shall in each formula year, by 31 December in that formula year, furnish the Authority with a report on the application of the charging methodology during the 12 months preceding 1st October in that year including a statement as to -

- (a) the extent to which, in the licensee’s opinion, the relevant methodology objectives have been achieved during the period to which it relates;
  - (b) whether those objectives could more closely be achieved by modification of the charging methodology; and
  - (c) if so, the modifications which should be made for that purpose.
4. As respects the formula year in which this licence came into force:
- (a) if it came into force on or after 1 October in that year, paragraph 3 shall not apply; or
  - (b) if it came into force before that date, paragraph 3 shall have effect as if for the reference to the 12 months preceding that date there were substituted a reference to the period preceding that date beginning with the date on which the licence came into force.
5. In paragraphs 1, 2A and 3 the “**relevant methodology objectives**” means, subject to paragraph 6, the following objectives -
- (a) save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;
  - (aa) that, in so far as prices in respect of transportation arrangements are established by auction, either:
    - (i) no reserve price is applied, or
    - (ii) that reserve price is set at a level -
      - (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and
      - (II) best calculated to promote competition between gas suppliers and between gas shippers;
  - (b) that, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;

- (c) that, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers;
- (d) that the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets); and
- (e) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators

6. Where -

- (a) the charging methodology results in charges which, or the revenue derived from which, are, in the main, not controlled or limited in pursuance of any standard condition or Standard Special Condition of this licence other than Standard Special Condition A4 (Charging – General); and
- (b) the Authority has not accepted that, for a specified period, this paragraph should not apply or has so accepted subject to standard conditions or Standard Special Conditions which are not satisfied,

“the relevant methodology objectives” shall include the following objective, namely, that the charging methodology results in charges which, taking one charge with another and one year with another, permit the licensee to make a reasonable profit, and no more, from its transportation business so, however, that, for the purposes of this paragraph, there shall be disregarded -

- (i) revenue derived from that business by way of charges (within the meaning of standard condition 4B (Connection Charges etc)) to which any provisions of that standard condition have effect and which are in respect of premises within an area for the time being so designated; and
- (ii) any payments made by the licensee in connection with the proposed development of an area for the time being not so designated to a person who has an interest in land in that area, other than by way of reasonable consideration

for an interest in land or for goods or services with which the licensee is provided.

- 7A. The licensee shall comply with any direction given from time to time by the Authority requiring the licensee -
- (a) subject to paragraphs 8 and 9 to publish such information as may be specified or described in the direction -
    - (i) as to any of the costs incurred by the licensee in its transportation business, or
    - (ii) relating to the charging methodology as modified from time to time in accordance with paragraph 1; and
  - (b) to do so in such form and manner and with such frequency as may be so specified.
- 7B. Where the Authority reasonably considers it would better facilitate the implementation of, and/or compliance with the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators, the licensee shall comply with any direction given from time to time by the Authority requiring the licensee-
- (a) to complete assessments and analysis; and to publish and consult on such information, and with such parties, as may be specified or described in the direction;
  - (b) to do so in such form, manner and timeframe and with such frequency as may be so specified in the direction.
8. The licensee shall not be required by paragraph 7A and paragraph 7B to publish any information or any document which it could not be compelled to give in evidence or produce in civil proceedings before the court.
9. In publishing any information in pursuance of paragraph 7A and paragraph 7B the licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to the affairs of any person where the publication of that matter would or might seriously and prejudicially affect his interests.

10. Any question arising under paragraph 9, as to whether the publication of some matter which relate to the affairs of a person would or might seriously and prejudicially affect his interests, shall be determined by the Authority.

10A Unless the Authority directs otherwise, paragraph 10B of this condition shall apply where a report in respect of any proposal for modification of the charging methodology is furnished to the Authority in accordance with paragraph 2 of this condition as in force at 30 December 2010 before 31 December 2010.

10B The licensee shall not make a modification of the charging methodology where the Authority has, within 28 days (or within three months if the Authority intends to undertake an impact assessment) of the report being furnished to it in accordance with paragraph 2 of this condition as in force at 30 December 2010 given a direction to the licensee that the modification shall not be made.

11. In this condition:

**“supply of transportation services”**

shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) save that references therein to “transportation system” shall be construed as meaning the facilities to which this licence relates which are used by the licensee for the conveyance of gas within Great Britain or any part thereof; and

**“transportation arrangements”**

shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) save that references therein to the term “pipe-line system” shall be amended so as to refer to “pipe-line system or any part thereof”.





## **Standard Special Condition A6: Conduct of Transportation Business**

1. The licensee shall conduct its transportation business in the manner best calculated to secure that neither -
  - (a) the licensee or any affiliate or related undertaking of the licensee (including, for the avoidance of doubt, any other relevant gas transporter which is also owned by the holder of this licence, the licence for which is held in the same legal entity);
  - (b) any gas shipper or gas supplier; nor
  - (c) any DN operator (who has entered into transportation arrangements with other relevant gas transporters),obtains any unfair commercial advantage including, in particular, any such advantage from a preferential or discriminatory arrangement, being, in the case of such an advantage accruing to the licensee, one in connection with a business other than its transportation business.
2. In this condition “**transportation business**” shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) and in addition it shall also include –
  - (a) the provision of metering services and meter reading services; and
  - (b) if the licensee has been designated as the designated registrar of pipes pursuant to Standard Special Condition A49 (Designated Registrar of Pipes), the functions of the designated registrar of pipes.
3. **NOT USED**
4. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to either metering or meter reading and its view on that question, considers it appropriate that references to either the provision of metering services or of meter reading services should be deleted from the definition of “transportation business” contained in

paragraph 2 for the purpose of this condition, those references shall cease to have effect from the date or dates specified in a notice published by the Authority for that purpose.

**Standard Special Condition A7: Requirement to Enter into Transportation Arrangements in Conformity with the Network Code**

1. Except in a case in which the Authority accepts otherwise, the licensee shall only enter into transportation arrangements which are in conformity with any relevant provisions of the network code.
2. **NOT USED**
3. **NOT USED**
4. If and in so far as the Authority so consents, this condition shall have effect as if the definition of “transportation arrangements” in Standard Special Condition A3 (Definitions and Interpretation) referred only to gas consisting wholly or mainly of methane.
5. The licensee shall comply with any obligation in the network code to disclose information relating to:
  - (i) the operation of the pipe-line system to which this licence relates; or
  - (ii) any market relating to the pipe-line system to which this licence relates.

**Standard Special Condition A8: Emergency Services and Enquiry Service Obligations**

1. The licensee shall:-
  - (a) establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of, in co-ordination with all other gas transporters a single continuously manned telephone service for use by any person, with the facilities mentioned in paragraph 2, for the receipt of reports and the offering of information, guidance or advice about any matter or incident that:
    - (i) causes danger or requires urgent attention, or is likely to cause danger or require urgent attention, in relation to the supply of gas conveyed through pipes; or
    - (ii) involves the escape of gas from a network or from a gas fitting supplied with gas from a network (where the reference to an escape of gas from a gas fitting includes a reference to an escape or emission of carbon monoxide gas resulting from incomplete combustion of gas in such a fitting);
  - (b) arrange with other gas transporters for the information contained in reports received by that service of escapes of gas in respect of which the licensee may have any obligations to be given without delay to the licensee; and
  - (c) secure adequate publicity for the service and its telephone number, having regard, in particular, to the special needs of blind or partially sighted persons.
2. The facilities referred to in paragraph 1(a) shall include facilities for deaf or partially hearing persons which will assist them (if they have the equipment enabling them to take advantage thereof) to use the service.
3. The service established by the licensee in accordance with paragraph 1(a) shall:
  - (a) except for any charge applied by a user's telephone operator to 0800 numbers, be provided without charge by the licensee to the user at the point of use;
  - (b) ensure that all reports and enquiries are processed in a prompt and efficient manner; and
  - (c) be available to receive and process telephone reports and enquiries at all times on every day of each year.

4. In the establishment and operation of the service in accordance with paragraph 1 the licensee shall not discriminate between any persons or class or classes thereof.
5. In the establishment and operation of the service in accordance with paragraph 1 the licensee shall not restrict, distort or prevent competition in the supply of gas.
6. The licensee shall prepare and submit a statement setting out details of the service to be provided in accordance with paragraph 1, and the licensee shall give or send a copy of such statement to any person requesting it.
7. The licensee shall take steps to inform users of the service of any change to the telephone number of the service established in accordance with paragraph 1 as soon as is practicable prior to such change becoming effective.
8. Subject to paragraph 9, the licensee shall make arrangements which will secure that in preventing an escape of gas in any premises to which it conveys gas (or, where it conveys gas to any primary sub-deduct premises, in any secondary sub-deduct premises to which the gas is subsequently conveyed):
  - (a) the prevention is effected, so far as it is reasonably practicable and safe to do so:
    - (i) in such a way as to maintain the supply of Gas to those premises and to appliances designed for use by domestic customers for heating or cooking; and
    - (ii) by carrying out any appropriate minor repairs to appliances;
  - (b) the prevention is effected, so far as is reasonably practicable, by a person adequately trained to recognise signs of leakage of carbon monoxide and instructed to report any such signs to the owner or occupier of the premises; and
  - (c) if further repair work is required, information is given to the owner or occupier of the premises or, in their absence, left at the premises, as to persons in the locality who are members of a class of persons permitted pursuant to regulations under the Health and Safety at Work etc Act 1974 to perform repairs on gas fittings.
9. Nothing in paragraph 8(a) shall oblige the licensee to carry out any work which cannot be completed within 30 minutes of entering the premises for the purpose of preventing

the escape or would use materials costing more than £4.65, adjusted in accordance with standard condition 27 (Adjustment of Amounts by Reference to the Retail Price Index) by reference to the day on which the premises were entered for that purpose.

10. **NOT USED**

11. **NOT USED**

12. Except in the case of changes reasonably consequential upon an extension or a restriction of its licence, which are made with effect from the effective date of the extension or the restriction, the licensee shall not make any material change in the arrangements referred to in paragraph 8 except with the consent of the Authority.

13. The licensee shall use its best endeavours to ensure, so far as is reasonably practicable, that it conducts itself towards domestic customers in conformity with the arrangements referred to in paragraph 8.

14. Paragraph 15 shall apply in relation to relevant customers (defined in paragraph 21) and the premises of relevant customers.

15. The licensee shall ensure, so far as is reasonably practicable in the circumstances, having regard to the over-riding importance of safety, that where for reasons of safety (not being reasons relating solely to particular premises or a particular locality), the supply of gas to any relevant customer or the conveyance of gas to that customer's premises needs to be interrupted, reduced or restricted, the licensee shall:

(a) when making such a request of a relevant supplier or shipper as is mentioned in paragraph 1 of standard condition 16 (Pipe-Line System Security Standards) of the standard conditions of gas suppliers' licences or paragraph 2 of standard condition 5 (Obligations as Respects Emergencies etc) of the standard conditions of gas shippers' licences;

(b) when telling a relevant customer that he should refrain from using gas, in pursuance of such a term of that customer's contract for the supply of gas as is mentioned in paragraph 4(b) of standard condition 16 (Security and emergency arrangements) of the standard conditions of Gas Suppliers' licences; or

(c) when interrupting, reducing or restricting the conveyance of gas,

give priority to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, relevant customers or classes of relevant customers in accordance with,

and to the extent specified in the list required by paragraph 17, and (to the extent that they supersede or supplement such list) such directions as may from time to time have been given by the Secretary of State under paragraph 19 or 20.

16. Where the reasons of safety referred to in paragraph 15 relate to the whole or a substantial part of Great Britain or there is a significant shortage of gas affecting the whole or a substantial part of Great Britain, the licensee shall so far as is reasonably practicable in the circumstances having regard to the over-riding importance of safety:
  - (a)
    - (i) consult the network emergency co-ordinator; or
    - (ii) where the licensee is the network emergency co-ordinator, inform and if appropriate consult the Secretary of State,  
  
on the taking of any such steps as are mentioned in sub-paragraph (a) or (b) of that paragraph; and
  - (b) shall do so before taking any such steps.
17. The licensee, if licensed under section 7(2)(a) of the Act, shall:
  - (a) unless it has done so before being so licensed, establish a list of relevant customers who should be given priority as respects the maintenance of a supply of gas and the maintenance of the conveyance of gas to their premises; and
  - (b) as often as is appropriate, review the list, and so far as appears appropriate, amend it, after consultation with all relevant shippers which appear to the licensee to have an interest in the proposed amendment, and, without prejudice as aforesaid, shall conduct such a review and make any such amendments on being directed so to do by the Secretary of State.
18. When the licensee establishes, reviews or amends any list established under paragraph 17, it shall comply with any direction given by the Secretary of State as to:
  - (a) the classes of relevant customers on which the list is to be based;
  - (b) any other criteria on which the list is to be based;
  - (c) any other customers or classes of customers specifically required to be included in the list; and

- (d) the nature and extent of any priority which will be given to any relevant customer or class of relevant customer as specified in the list.
- 19. The licensee shall comply with any directions given by the Secretary of State for the purposes of this condition generally requiring priority to be given, in such manner and to such extent as may be specified in the directions, to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, one or more relevant customers or classes of relevant customers.
- 20. Any question arising under this condition as to whether a particular relevant customer is required to be included in the list established, reviewed or amended under paragraph 17 shall be determined by the Secretary of State.
- 21. In this condition:
  - (a) “**network emergency co-ordinator**” shall be construed in the same manner as that term is construed in the Gas Safety (Management) Regulations 1996; and
  - (b) “**relevant customer**” includes:
    - (i) any person who is supplied by a relevant supplier with gas conveyed to a particular supply point at a rate which is reasonably expected to exceed 732,000 kilowatt hours a year, to the extent that the terms on which that person is supplied permit such supply to be interrupted or reduced only in pursuance of such a term as is mentioned in paragraph 4 of standard condition 16 (Pipe-Line System Security Standards) of the standard conditions of gas suppliers’ licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976; and
    - (ii) any person mentioned in any direction given by the Secretary of State in relation to paragraph 18(c) of this condition.
- 22. References in this condition to the maintenance of supply or conveyance of gas include references to the resumption of such supply or conveyance following its interruption or reduction.
- 23. Charges for the provision of services under this condition shall be set at a level which will allow the licensee to recover no more than its reasonable costs and a reasonable profit in providing this service.



**Standard Special Condition A9: Pipe-Line System Security Standards**

1. The licensee shall, subject to section 9 of the Act, plan and develop its pipe-line system so as to enable it to meet, having regard to its expectations as to –
  - (a) the number of premises to which gas conveyed by it will be supplied;
  - (b) the consumption of gas at those premises; and
  - (c) the extent to which the supply of gas to those premises might be interrupted or reduced (otherwise than in pursuance of such a term as is mentioned in paragraph 4 of standard condition 16 (Security and emergency arrangements) of the standard conditions of gas suppliers' licences or of directions given under section 2(1)(b) of the Energy Act 1976) in pursuance of contracts between any of the following persons, namely, a gas transporter, a gas shipper, a gas supplier and a customer of a gas supplier,the gas security standard mentioned in paragraph 2.
  
2. The gas security standard referred to in paragraph 1 is that the pipe-line system to which this licence relates (taking account of such operational measures as are available to the licensee including, in particular, the making available of stored gas) meets the peak aggregate daily demand, including, but not limited to, within day gas flow variations on that day, for the conveyance of gas for supply to premises which the licensee expects to be supplied with gas conveyed by it –
  - (a) which might reasonably be expected if the supply of gas to such premises were interrupted or reduced as mentioned in paragraph 1(c); and
  - (b) which, (subject as hereinafter provided) having regard to historical weather data derived from at least the previous 50 years and other relevant factors, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years, so, however, that if, after consultation with all gas suppliers, gas shippers and gas transporters, with the Health and Safety Executive and with Citizens Advice and Consumer Scotland, the Authority is satisfied that security standards would be adequate if sub-paragraph (b) were modified by the substitution of a reference to data derived from a period of less than the previous 50 years or by the substitution of some higher probability for the probability of 1 year in 20 years, the Authority may, subject to paragraph 3, make such modifications by a notice which –

- (i) is given and published by the Authority for the purposes of this condition generally; and
  - (ii) specifies the modifications and the date on which they are to take effect.
  
- 3. Paragraph 2(b) shall only be modified if, at the same time, the Authority makes similar modifications to –
  - (a) paragraph 1A(a) of Standard Special Condition A11 (Network Code); and
  - (b) sub-paragraph (b) of the definition of “security standards” in standard condition 1 (Definitions and Interpretation) of the standard conditions of gas shippers’ licences.
  
- 4. For the purposes of paragraph 1, the licensee may have regard to information received from the operator of a pipe-line or pipe-line system to which it conveys gas as respects the quantity of gas which it expects to require.

**Standard Special Condition A10: Not Used**

**Standard Special Condition A11: Network Code and Uniform Network Code**

*Transportation Arrangements*

1. The licensee shall establish transportation arrangements, pursuant to paragraphs 3 and 6 of this condition which, in respect of matters other than those to which the UNC charging methodologies relate, are calculated, consistent with the licensee's duties under section 9 of the Act, to facilitate the achievement of the following objectives –
  - (a) the efficient and economic operation of the pipe-line system to which this licence relates;
  - (b) so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters;
  - (c) so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;
  - (d) so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition:
    - (i) between relevant shippers;
    - (ii) between relevant suppliers; and/or
    - (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;
  - (e) so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards are satisfied as respects the availability of gas to their domestic customers;

- (f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;
- (g) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and
- (h) in relation to:
  - (i) the connection charging methodology, the relevant objectives listed in paragraph 5 of Standard Condition 4B; or
  - (ii) the charging methodologies regulated by Standard Special Condition A5, the relevant objectives listed in paragraph 5 of Standard Special Condition A5.

1A. In paragraph 1 sub-paragraph (e), “domestic customer supply security standards” means, subject to paragraph 1B,

- (a) the availability of a supply of gas which would equal the peak aggregate daily demand for gas by the relevant gas supplier’s current domestic customers which, having regard to historical weather data derived from at least the previous 50 years and other relevant factors, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years; and
- (b) the availability of supplies of gas-
  - (i) over a year which would equal the aggregate annual demand for gas by those customers; and
  - (ii) over the first six months of a year which would equal the aggregate demand for gas by those customers during such a six month period,which, in each case, having regard to such data as aforesaid and other relevant factors, is likely to be exceeded only in 1 year out of 50 years.

1B. For the purposes of paragraph 1A, “daily” means over a period beginning at 5am on one day and ending immediately before 5am on the following day and “year” means a

period of 12 months beginning with 1 October; and if, after consultation with all gas suppliers, gas shippers and gas transporters, with the Health and Safety Executive and Citizens Advice and Consumer Scotland, the Authority is satisfied that the domestic supply security standard would be adequate if paragraph 1A were modified-

- (a) by the substitution, in paragraph 1A(a) or (b), of a reference to data derived from a period of less than the 50 previous years;
- (b) by the substitution in paragraph 1A(a) of a higher probability than the 1 in 20 years mentioned in that paragraph; or
- (c) by the substitution in paragraph 1A(b) of a higher probability than the 1 in 50 years mentioned in that paragraph,

the Authority may, subject to paragraph 1C, make such modifications by notice which-

- (i) is given and published by the Authority for the purposes of this condition generally; and
- (ii) specifies the modifications and the date on which they are to take effect.

1C. Paragraph 1A(a) shall only be modified if, at the same time, the Authority makes similar modifications to-

- (a) paragraph 2(b) of Standard Special Condition A9 (Pipe-Line System Security Standards); and
- (b) sub-paragraph (b) of the definition of “security standards” in standard condition 1 (Definitions and Interpretation) of the standard conditions of gas shippers’ licences

2. Not used.

*Network Code*

3. Subject to paragraph 4, in respect of the pipe-line system to which this licence relates, the licensee shall, by the date at which this condition becomes effective (unless the Authority consents otherwise in writing), have prepared a document (the “**network**

**code”)** setting out (together with the terms of any other arrangements which the licensee considers it appropriate to set out in the document):

- (a) the terms of the arrangements made in pursuance of paragraph 1 save in so far as they relate to matters regulated by standard condition 4B (Connection Charges etc) or are contained in such an agreement, or an agreement of such a class or description, as may be designated by the Authority for the purposes of this condition; and
- (b) the network code modification procedures established pursuant to paragraph 7 to the extent that such procedures differ from those set out in the uniform network code following Authority consent pursuant to paragraph 8

and the licensee shall furnish the Authority with a copy thereof.

- 4. Where the holder of this licence also holds, in the same legal entity, one or more other gas transporter licences for relevant gas transporters, it may apply to the Authority for written consent to prepare a single network code in respect of the pipe-line systems to which those licences relate, which consent may be granted subject to such conditions as the Authority may direct.
- 1. The network code prepared by or on behalf of the licensee shall incorporate by reference the terms of the uniform network code except where the Authority consents otherwise in writing; and references in the conditions of this licence to the network code include the uniform network code (as may be varied from time to time) as so incorporated, unless otherwise stated.

#### *Uniform Network Code*

- 6. The licensee shall, together with the other relevant gas transporters, by the date at which this condition becomes effective (unless the Authority consents otherwise in writing), have prepared a document (the “**uniform network code**”) setting out:
  - (a) the terms of transportation arrangements established by the licensee and other relevant gas transporters, to the extent that such terms are common, or are not in conflict, between relevant gas transporters; and

- (b) the network code modification procedures established pursuant to paragraph 7 including procedures required by paragraphs 15A to 15CD, which are, subject to paragraph 8, incorporated by reference into each network code prepared by or on behalf of each relevant gas transporter; and
- (c) the arrangements establishing a secretarial or administrative person or body, as specified in the uniform network code and the joint governance arrangements established in accordance with Standard Special Condition A12 (Joint Office Governance Arrangements) (the “**code administrator**”) and setting out the code administrator’s powers, duties and functions, which shall;
  - (i) include a requirement that, in conjunction with other code administrators, the code administrator will maintain, publish, review and (where appropriate) amend from time to time the Code of Practice approved by the Authority and any amendments to the Code of Practice are to be approved by the Authority;
  - (ii) include facilitating the procedures established in accordance with paragraph 7; and
  - (iii) have regard to and, in particular to the extent that they are relevant be consistent with the principles contained in, the Code of Practice; and
- (d) the arrangements establishing a panel body, as specified in the uniform network code, (the “**panel**”) whose functions shall include the matters required by this condition and whose composition shall include;
  - (i) an independent chairperson approved by the Authority; and
  - (ii) a consumer representative (appointed by Citizens Advice or Consumer Scotland, or any successor body) and any other consumer representative as may be appointed by the Authority,

each of whom shall have a vote as specified in the uniform network code; and

- (e) the UNC charging methodologies,

and the licensee shall furnish the Authority with a copy thereof.



- 6A. The licensee shall use reasonable endeavours to facilitate any improvements to the process by which responsibility for gas supply is transferred between gas suppliers.

*Network Code Modification Procedures*

7. The licensee shall, together with the other relevant gas transporters, establish and operate procedures (“**network code modification procedures**”), for the modification of the uniform network code and/or of any network code prepared by or on behalf of each relevant gas transporter (including modification of the network code modification procedures themselves) so as to better facilitate, consistent with the licensee's duties under section 9 of the Act, the achievement of the relevant objectives.
8. In accordance with paragraphs 5 and 6, unless the Authority consents otherwise in writing, the network code modification procedures shall be contained in the uniform network code.
9. The network code modification procedures shall provide for:
- (a) without prejudice to paragraphs 15A to 15CD a mechanism by which any of
    - (i) the uniform network code; and
    - (ii) each of the network codes prepared by or on behalf of each relevant gas transporter,may be modified;
  - (aa) the provision by the code administrator of assistance, insofar as is reasonably practicable and on reasonable request, to parties (including, in particular, small participants and consumer representatives) that request the code administrator’s assistance in relation to the uniform network code including, but not limited to, assistance with:
    - (i) drafting a modification proposal;
    - (ii) understanding the operation of the uniform network code;
    - (iii) their involvement in, and representation during, the network code modification procedures (including but not limited to panel, and/or

- workgroup meetings) as required by this condition, specified in the uniform network code, or described in the Code of Practice; and
- (iv) accessing information relating to modification proposals and/or modifications;
- (ab) in relation to proposals to modify the UNC charging methodologies, compliance (as applicable) with:
- (i) in respect of the NTS operator only, paragraphs 7 and 8 of Standard Condition 4B (Connection Charging Methodology); and
  - (ii) paragraphs 2, 2A and 3 of Standard Special Condition A4 (Charging General);
- (ac) for
- (i) the regular convening of the charging methodology forum for the purposes of discussing further development of the UNC charging methodologies; and
  - (ii) for the provision of information by the licensee in accordance with paragraphs 8, 11 and 14 of Standard Condition 4B (Connection Charging Methodology) and paragraph 3 of Standard Special Condition A4 (Charging – general); and
  - (iii) insofar as reasonably practicable, the provision by the licensee of such other information or assistance as a materially affected party may reasonably request for the purposes of preparing a proposal to modify a UNC charging methodology;
- (b)
- (i) the making of proposals for the modification of the uniform network code in accordance with paragraph 10(a), 10(aa), 10(ab), 15D and 15G of this condition; and/or
  - (ii) the making of proposals for the modification of a network code prepared by or on behalf of a relevant gas transporter in accordance with paragraph 11(a) of this condition;

- (c) the making of alternative modification proposals in accordance with paragraphs 10(b) and 11(b) of this condition, except in a case where the Authority otherwise directs in writing;
- (d) the giving of adequate publicity to any such proposal including, in particular, drawing it to the attention of all relevant gas transporters, all relevant shippers, small participants and consumer representatives, and sending a copy of the proposal to any person who asks for one;
- (da) proper evaluation of the suitability of the significant code review or self-governance route for a particular modification proposal;
- (db) the implementation of modification proposals without the Authority's approval in accordance with paragraph 15G (the "fast track self-governance route");
- (e) except in respect of proposals falling within the scope of paragraph 15D and paragraph 15G, the seeking of the views of the Authority on any matter connected with any such proposal;
- (f) the consideration of any representations relating to such a proposal made (and not withdrawn) by the licensee, any other relevant gas transporter, any relevant shipper, or any gas shipper or other person likely to be materially affected were the proposal to be implemented including representations made by small participants and/or consumer representatives;
- (g) where the Authority accepts that the uniform network code or a network code prepared by or on behalf of a relevant gas transporter may require modification as a matter of urgency, the exclusion, acceleration or other variation, subject to the Authority's approval, of any particular procedural steps which would otherwise be applicable;
- (h) for each of the procedural steps outlined in this paragraph 9, to the extent that they are relevant, to be consistent with the principles contained in the Code of Practice;
- (i) modification proposals made by the Authority or the licensee in accordance with paragraphs 9, 10(a), 10(ab) and 11(a) (which fall within the scope of paragraph 15CE):

- (i) to be accepted into the network code modification procedures by the panel;
  - (ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent;
  - (iii) to proceed in accordance with any timetable(s) directed by the Authority in accordance with paragraph 9(j);
- (j) compliance by the licensee and (where applicable) the panel with any direction(s) issued by the Authority under this paragraph setting and/or amending a timetable (in relation to a modification which falls within the scope of paragraph 15CE) for:
  - (i) the licensee to raise a modification proposal; and/or
  - (ii) completion of each of the procedural steps outlined in this paragraph 9 or paragraph 15CC, to the extent that they are relevant; and/or
  - (iii) implementation of a modification; and
- (k) each of the procedural steps outlined in this paragraph 9, to the extent that they are relevant, to be in accordance with any timetable(s) directed by the Authority under paragraph 9(j).

10. In respect of the uniform network code:

- (a) subject to paragraphs 15A and 15B, a modification proposal which does not relate to a UNC charging methodology proposal may be made by the following:
  - (i) the licensee;
  - (ii) each other relevant gas transporter;
  - (iii) any relevant shipper identified in the network code modification procedures as being entitled to propose a modification; ,
  - (iv) any other relevant person (a "**third party participant**") identified (individually or as a member of a class of persons) in the network code modification procedures as being entitled to propose a modification, and/or

- (v) the Authority (in relation only to modifications which fall within the scope of paragraph 15CE);
  - (aa) a modification proposal shall be made (and not withdrawn without the Authority's prior consent) by the licensee in accordance with a direction issued by the Authority pursuant to paragraph 15C (the "**significant code review route**"); and
  - (ab) a modification proposal relating to a UNC charging methodology may only be made by the licensee and/or relevant shippers and/or DN operators as appropriate and/or the Authority (in relation only to modifications fall within the scope of paragraph 15CE) and/or a materially affected party in accordance with the provisions of the uniform network code unless otherwise permitted by the Authority;
  - (b) where a modification proposal has been made under paragraphs 10(a), 10(aa) or 10(ab) of this condition (an "**original proposal**") alternative modification proposals may be made, in respect of any such original proposal, by any of the parties listed in paragraph 10(a), 10(aa) or 10(ab) of this condition with the exception of the person who made the original proposal provided that:
    - (i) the alternative proposal is made as described in the Code of Practice and as further specified in the uniform network code; and
    - (ii) unless an extension of time has been approved by the panel and not objected to by the Authority after receiving notice, any workgroup stage shall last for a maximum period (as specified in the uniform network code) from the date on which the original modification was proposed.
11. In respect of each network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it):
- (a) a modification proposal may be made by one of the following:
    - (i) the licensee, to the extent that the modification proposed relates to the pipe-line system to which this licence relates,

- (ii) any relevant shipper identified in the network code modification procedures as being entitled to propose a modification;
  - (iii) a DN operator with whom the licensee has entered into transportation arrangements in respect of the pipe-line system to which this licence relates;
  - (iv) any other relevant person (a “**third party participant**”) identified (individually or as a member of a class of persons) in the network code modification procedures as being entitled to propose a modification; and/or
  - (v) the Authority (in relation only to modifications which fall within the scope of paragraph 15CE);
- (b) where a modification proposal has been made under paragraph 11(a) of this condition (an “**original proposal**”), alternative modification proposals may be made, in respect of any such original proposal, by any of the parties listed in paragraph 11(a) of this condition with the exception of the person who made the original proposal.
12. Subject to paragraphs 9, 10 and 11 of this condition, the network code modification procedures may include provisions which differ as between proposed modifications to the uniform network code and proposed modifications to each network code prepared by or on behalf of each relevant gas transporter (excluding the terms of the uniform network code incorporated within it).

*Modification of Network Code and Uniform Network Code*

13. The licensee shall not make any modification to the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) or make or permit any modification to the uniform network code except:
- (a) to comply with paragraphs 15(b), 15CC(b)(i) or 16;
  - (b) with the written consent of the Authority; or
  - (c) in accordance with paragraph 15D (the “self-governance route”) and 15F; or

(d) in accordance with paragraph 15G (“the fast track self-governance route”) and shall furnish or cause to be furnished to the Authority a copy of any such modification made.

14. Where:

- (a) the Health and Safety Executive have given a notice to the licensee in pursuance of this paragraph referring to a matter relating to the protection of the public from dangers arising from the conveyance of gas through the pipe-line system to which this licence relates; and
- (b) a modification to the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and/or the uniform network code could, consistent with the relevant objectives, appropriately deal with the matter,

the licensee shall propose such a modification in accordance with the network code modification procedures, and any requirement that a modification be such as to better facilitate the achievement of the relevant objectives shall be treated as met if the modification is consistent with those objectives.

15. Where a proposal is made in accordance with the network code modification procedures to modify the network code prepared by or on behalf of the licensee, (excluding the terms of the uniform network code incorporated within it) or the uniform network code (except in the case of a modification falling within the scope of paragraph 15CB or 15G) the licensee shall unless, in the case of a proposal falling within the scope of paragraph 15D, otherwise directed by the Authority:

- (a) as soon as is reasonably practicable in accordance with the time periods specified in the uniform network code, which shall not be extended unless approved by the panel and not objected to by the Authority after receiving notice, give notice to the Authority:
  - (i) giving particulars of the proposal;
  - (ii) where an alternative proposal is made in respect of the same matter as the original proposal, giving particulars of that alternative proposal;

- (iii) giving particulars of any representations by:
  - (aa) the licensee,
  - (bb) any other relevant gas transporter,
  - (cc) any relevant shipper identified in the network code modification procedures as being entitled to propose a modification,
  - (dd) in respect of modifications to a network code (excluding the terms of the uniform network code incorporated within it) only, a DN operator with whom the licensee has entered into transportation arrangements in respect of the pipe-line system to which this licence relates, or
  - (ee) any other person with respect to those proposals;
- (iv) including a recommendation (or, in the case of a proposal falling within the scope of paragraph 15D, a determination) by the panel as to whether any proposed modification should or should not be made, and the factors which (in the opinion of the panel) justify the making or not making of a proposed modification, which shall include:
  - (aa) a detailed explanation of whether and, if so how, the proposed modification would better facilitate the achievement of the relevant objectives; and
  - (bb) where the impact is likely to be material, the evaluation of the proposed modification in respect of the relevant objectives shall include an assessment of the quantifiable impact of the proposed modification on greenhouse gas emissions, to be conducted in accordance with any such guidance (on the treatment of carbon costs and evaluation of greenhouse gas emissions) as may be issued by the Authority from time to time; and



- (v) giving such further information as may be required to be given to the Authority by the network code modification procedures; and
- (b) without prejudice to paragraph 15D comply with any direction of the Authority
  - (i) to make a modification to the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and/or the uniform network code in accordance with a proposal described in a notice given to the Authority under paragraph 15(a) which, in the opinion of the Authority, will, as compared to the existing provisions of the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and/or (as the case may be) the uniform network code or any alternative proposal, better facilitate, consistent with the licensee's duties under section 9 of the Act, the achievement of the relevant objectives; or
  - (ii) to revise and re-submit a notice provided in accordance with paragraph 15(a) to reflect the additional steps (including drafting or amending existing drafting of the amendment to the uniform network code), revisions (including timetable revisions), analysis or additional information specified in the direction to enable the Authority to form such an opinion in accordance with paragraph 15(b)(i) as soon after the Authority's direction as is appropriate (taking into account the complexity, importance and urgency of the modification),

*Significant code reviews*

15A. Without prejudice to paragraph 15CB, the network code modification procedures shall provide that proposals for modification of the uniform network code falling within the scope of a significant code review may not be made by the parties listed in paragraph 10(a)(i-iv) and 10 (ab) during the significant code review phase, except where:

- (a) the Authority determines that the modification proposal may be made, having taken into account (among other things) the urgency of the subject matter of the proposal;

(b) the modification proposal is made by the licensee in accordance with:

- (i) paragraph 9(j); or
- (ii) paragraphs 10(aa) and 15C; or

(b) the modification proposal is made by the Authority in accordance with paragraphs 10(a)(v), 10(ab) or 11(a)(v).

15B. The network code modification procedures shall provide that where a modification proposal is made during the significant code review phase, unless otherwise exempted by the Authority, the panel shall:

- (a) comply with the steps in paragraph 9 subject to sub-paragraph (c) of this paragraph; and
- (b) as soon as practicable notify the Authority of:
  - (i) any representations received in relation to the suitability of the significant code review route; and
  - (ii) the panel's assessment of whether the proposal falls within the scope of a significant code review and the applicability of the exceptions under paragraph 15A(a) or (b), and its reasons for that assessment; and
- (c) not proceed with the modification proposal at the Authority's direction.

15C. The network code modification procedures shall provide that if within twenty-eight (28) days after the Authority has published its significant code review conclusions:

- (a) the Authority issues directions to the licensee, the licensee shall comply with those directions and shall treat the significant code review phase as ended;
- (b) the Authority issues to the licensee a statement that no directions under sub-paragraph (a) will be issued in relation to the uniform network code, the licensee shall treat the significant code review phase as ended;

- (ba) the Authority raises a modification proposal in accordance with paragraph 10(a)(v), 10(ab) or 11(a)(v), the licensee shall treat the significant code review phase as ended;
- (bb) the Authority issues a statement that it will continue work on the significant code review, the licensee shall treat the significant code review phase as continuing until it is brought to an end in accordance with paragraph 15CA;
- (c) neither directions under sub-paragraph (a), nor a statement under sub-paragraph (b) or (bb) have been issued, nor a modification proposal under sub-paragraph (ba) has been made, the significant code review phase will be deemed to have ended.

The Authority's published conclusions and directions to the licensee/relevant gas transporter(s), shall not fetter the voting rights of the members of the panel or the procedures informing the recommendation described at paragraph 15(a)(iv).

15CA. The network code modification procedures shall provide that, if the Authority issues a statement under sub-paragraph 15C(bb) and/or a direction in accordance with paragraph 15CD, the significant code review phase will be deemed to have ended when:

- (a) the Authority issues a statement that the significant code review phase has ended;
- (b) one of the circumstances in sub-paragraphs 15C(a) or (ba) occurs (irrespective of whether such circumstance occurs within twenty-eight (28) days after the Authority has published its significant code review conclusions); or
- (c) the Authority makes a decision consenting, or otherwise, to the modification of the network code pursuant to sub-paragraph 15CC(b)(i).

15CB. The network code modification procedures shall provide that, where the Authority has issued a statement in accordance with sub-paragraph 15C(bb) and/or a direction in accordance with paragraph 15CD, the Authority may submit a modification proposal for a modification falling within the scope of sub-paragraph 15CE(b) to the panel.

15CC. The network code modification procedures shall provide, where the Authority submits a significant code review modification proposal to the panel in accordance with paragraph 15CB:

- (a) for the licensee to give notice to the Authority:
  - (i) including a recommendation by the panel as to whether the proposed modification should or should not be made, and the factors which (in the opinion of the panel) justify the making or not making of the proposed modification, which shall include:
    - (aa) a detailed explanation of whether and, if so how, the proposed modification would better facilitate the achievement of the relevant objectives; and
    - (bb) where the impact is likely to be material, an assessment of the quantifiable impact of the proposed modification on greenhouse gas emissions, to be conducted in accordance with any such guidance (on the treatment of carbon costs and evaluation of greenhouse gas emissions) as may be issued by the Authority from time to time;
  - (ii) giving such further information as may be required to be given to the Authority by the network code modification procedures;
- (b) for the licensee to comply with any direction of the Authority:
  - (i) to make a modification to the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and/or the uniform network code in accordance with a proposal described in a notice given to the Authority under subparagraph 15CC(a) which, in the opinion of the Authority, will, as compared to the existing provisions of the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and/or (as the case may be) the uniform network code or any alternative proposal, better facilitate, consistent

with the licensee's duties under section 9 of the Act, the achievement of the relevant objectives; or

- (ii) to revise and re-submit a notice provided in accordance with sub-paragraph 15CC(a) to reflect the additional steps (including drafting or amending existing drafting of the amendment to the uniform network code), revisions (including timetable revisions), analysis or additional information specified in the direction to enable the Authority to form such an opinion in accordance with sub-paragraph 15CC(b)(i) as soon after the Authority's direction as is appropriate (taking into account the complexity, importance and urgency of the modification).
- (c) for each of the procedural steps outlined in this paragraph 15CC, to the extent that they are relevant, to be in accordance with any timetable(s) directed by the Authority under paragraph 9(j).

The Authority's published conclusions and significant code review modification proposal shall not fetter the voting rights of the members of the panel or the recommendation procedures informing the recommendation described at sub-paragraph 15CC(a)(i).

15CD. The network code modification procedures shall provide that, where a proposal has been raised in accordance with sub-paragraph 15C(a) or 9(j), or by the Authority under paragraph 15C(ba) and it falls within the scope of paragraph 15CE(b), the Authority may issue a direction (a "backstop direction"), which requires such proposal(s) and any alternatives to be withdrawn and which causes the significant code review phase to recommence.

15CE. Modification proposals fall within the scope of this paragraph where:

- (a) the Authority reasonably considers the modifications are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency; and/or
- (b) the modification proposal is in respect of a significant code review.

*Self-governance*

15D. The network code modification procedures shall provide that modification proposals shall only be implemented without the Authority's approval pursuant to this paragraph 15D where:

- (a)
  - (i) in the view of the panel, the modification proposal meets all of the self-governance criteria and the panel has submitted to the Authority in respect of the modification proposal and not withdrawn a self-governance statement; or
  - (ii) if a self-governance statement has not been made, or has been withdrawn, the Authority has determined that the self-governance criteria are satisfied and the modification proposal is suitable for the self-governance route; and
- (b) unless otherwise exempted by the Authority, the panel has sent copies of all consultation responses to the Authority at least seven (7) days before the panel intends to make its determination under paragraph 15D(d); and
- (c) the Authority has not directed that the Authority's decision is required prior to the panel's determination under paragraph 15D(d); and
- (d) the panel has, no earlier than seven (7) days after sending the consultation responses referred to at paragraph 15D(b), determined, in accordance with paragraphs 9(d) to (f) and 15(a) of this condition as applicable, that the modification proposal or any alternative should be implemented on the basis that it would, as compared with the then existing provisions of the uniform network code and any other modifications proposed in accordance with paragraph 10(b), better facilitate the achievement of the applicable objective(s); and
- (e)
  - (i) no appeal has been raised up to and including 15 working days after the panel's determination under paragraph 15D(d) in respect of such

modification proposal and any alternative in accordance with paragraph 15E; or

- (ii) an appeal has been raised in respect of such a modification proposal and any alternative in accordance with paragraph 15E and the Authority has not quashed the panel's determination referred to at paragraph 15D(d) of this condition and either remitted the relevant modification proposal and any alternative back to the panel for reconsideration or taken the decision on the relevant modification proposal and any alternative itself following the appeal.

15E. The network code modification procedures shall provide that those persons set out at paragraph 10 may appeal to the Authority the approval or rejection by the panel of a modification proposal and any alternative falling under the self-governance route, provided the appeal has been made up to and including 15 working days after the approval or rejection and in accordance with the procedures specified in the uniform network code and, in the opinion of the Authority:

(a)

- (i) the appealing party is, or is likely to be, unfairly prejudiced by the implementation or non-implementation of that modification or alternative proposal; or
- (ii) the appeal is on the grounds that:
  - (1) in the case of implementation, the modification or alternative proposal may not better facilitate the achievement of at least one of the relevant objectives; or
  - (2) in the case of non-implementation, the modification or alternative proposal may better facilitate the achievement of at least one of the relevant objectives; and

(b) it is not brought for reasons that are trivial, vexatious or have no reasonable prospect of success.

15F. The network code modification procedures shall provide that:

- (a) where an appeal has been raised in respect of a modification proposal and any alternative in accordance with paragraph 15E that modification proposal and any alternative shall be treated in accordance with any decision and/or direction of the Authority following that appeal;
- (b) if the Authority quashes the panel's determination referred to at paragraph 15D(d) of this condition and takes the decision on the relevant modification proposal and any alternative itself following an appeal in accordance with paragraph 15E, the panel's determination of that modification proposal and any alternative referred to in paragraph 15D(d) of this condition shall be treated as a notice given to the Authority in accordance with the procedures specified in paragraph 15(a) of this condition and paragraph 15(b)(i) of this condition and the panel's determination shall be treated as its recommendation.

15G. The network code modification procedures shall provide that modifications shall only be implemented without the Authority's approval pursuant to this paragraph 15G (the "fast track self-governance route") where:

- (a) in the unanimous view of the panel, the proposed modification meets all of the fast track self-governance criteria;
- (b) the panel unanimously determines that the modification should be made;
- (c) parties to the uniform network code and the Authority have been notified of the proposed modification;
- (d) none of the persons named in sub-paragraph (c) have objected to the proposed modification being made via the fast-track self-governance route in the fifteen (15) working days immediately following the day on which notification was sent; and
- (e) notification under sub-paragraph (c) contains details of the modification proposed, that it is proposed to be made via the fast track self-governance route,



how to object to the modification being made via the fast track self-governance route, the proposed legal drafting and the proposed implementation date.

16. Where any directions are given to the licensee under section 19 or 21(1) of the Act, the licensee shall make such modifications to the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and/or the uniform network code as may be necessary to enable the licensee to comply with the directions under section 19 or 21(1) of the Act without contravening Standard Special Condition A7 (Requirement to Enter into Transportation Arrangements in Conformity with the Network Code).
17. The licensee shall:
  - (a) prepare and publish a summary of (i) the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and (ii) the uniform network code as modified or changed from time to time in such form and manner as the Authority may from time to time direct;
  - (b) make available a copy of the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and the uniform network code as modified from time to time to any person who asks for one and makes such payment to (or to a person nominated by) the licensee in respect of the cost thereof as it may require not exceeding such amount as the Authority may from time to time approve for the purposes hereof; and
  - (c) provide, or cause to be provided, a copy of the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and the uniform network code as modified from time to time on a web-site freely available to all interested parties (the web-site address of which shall be disseminated to such interested parties).

*Determinations by the Authority*

18. Where a provision of the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and/or the

uniform network code requires that, in circumstances specified in the provision, a determination by the licensee pursuant to that provision in a particular case should be such as is calculated to facilitate the achievement of the relevant objectives, any question arising thereunder as to whether the licensee has complied with that requirement shall be determined by the Authority.

19. The network code modification procedures shall provide that any question arising under the network code modification procedures as to:

- (a) whether a gas shipper or other person is likely to be materially affected by a proposal to modify the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) and/or the uniform network code were such a proposal to be implemented; or
- (b) whether representations relating to such a proposal and made in pursuance of the rules have been properly considered by the licensee,

shall be determined by the Authority.

*Miscellaneous*

19A. Without prejudice to any rights of approval, veto or direction which the Authority may have, the licensee:

- (b) shall take all reasonable measures to secure and implement (consistently with the applicable procedures) changes to industry codes to which it is a party (or in relation to which it holds rights of amendment); and
- (c) shall not take steps to prevent or unduly delay changes to industry codes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the uniform network code, including, but not limited to, changes that are appropriate in order to avoid conflict or inconsistency as between the uniform network code and any industry code.

20. **NOT USED**

21. **NOT USED**

22. If the Authority so consents, this condition shall have effect as if the definition of “transportation arrangements” in Standard Special Condition A3 (Definitions and Interpretation) referred only to gas consisting wholly or mainly of methane.

23. Any reference to “relevant shipper” in any of paragraphs 9(d), 9(f), 10(a)(iii), 11(a)(ii), or 15(a)(iii)(cc) shall, where it relates to any proposed modification which could have been proposed by a third party participant under the network code modification procedures, be treated as if it were also a reference to all such third party participants.

23A. Without prejudice to any rights of approval, veto or direction the Authority may have, the licensee shall use its best endeavours to ensure that procedures are in place that facilitate its compliance with the requirements of this condition, and shall create or modify industry documents including, but not limited to, the uniform network code and industry codes where necessary no later than 31 March 2017.

24. (a) In this condition:

**“charging methodology forum”**

means the forum (and related arrangements) established in the manner specified in the uniform network code to facilitate meetings between the licensee, other relevant gas transporters, and any other persons whose interests are materially affected by the applicable charging methodologies for the purpose of discussing the further development of the applicable charging methodologies, as shall be specified in the uniform network code.

**“Code of Practice”**

means the Code Administration Code of Practice approved by the Authority and;

- (a) developed and maintained by the code administrators in existence from time to time; and
- (b) amended subject to the Authority's approval from time to time; and
- (c) re-published from time to time.

**“combined pipe-line system”**

means the pipe-line system to which this licence relates and the pipe-line system of each other relevant gas transporter taken as a whole;

**“directions”**

means, in the context of paragraph 15C, direction(s) issued following publication of significant code review conclusions which shall contain:

- (i) instructions to the licensee to make (and not withdraw, without the Authority's prior consent) a modification proposal;
- (ii) the timetable for the licensee to comply with the Authority's direction(s); and
- (iii) the Authority's reasons for its direction(s).

**“fast track self-governance criteria”**

means that a proposal, if implemented,

- (a) would meet the self-governance criteria; and

(b) is properly a housekeeping modification required as a result of some error or factual change, including but not limited to:

(i) updating names or addresses listed in the uniform network code;

(ii) correcting minor typographical errors;

(iii) correcting formatting and consistency errors, such as paragraph numbering; or

(iv) updating out of date references to other documents or paragraphs.

**“industry code”**

means a multilateral code or agreement created and maintained pursuant to a licence granted by the Authority under section 6 of the Electricity Act 1989 or under sections 7, 7ZA or 7A of the Act.

**“materially affected party”**

means, for the purposes of paragraphs 9(ac)(iii) and 10(ab) of this condition, any person or class of persons designated by the Authority for this purpose.

**“network code modification procedures”**

means the modification procedures referred to in paragraph 7 of this condition;

**“relevant objectives”**

means:

- (i) in respect of transportation arrangements pursuant to paragraphs 3 and 6 of this condition, in respect of matters other than those to which the UNC charging methodologies relate, the objectives set out at paragraph 1 of this condition;
- (ii) in respect of the UNC charging methodologies, only;
  - (aa) in relation to a connection charging methodology regulated by Standard Condition 4B, the “relevant objectives” listed in paragraph 5 of that condition;
  - (bb) in relation to the charging methodology regulated by Standard Special Condition A5 the “relevant methodology objectives” listed in paragraph 5 of that condition,

as applicable; and

- (iii) in relation to a proposed modification of the network code modification procedures only, the objectives set out in paragraph 9

of this condition (to the extent that those requirements do not conflict with the objectives set out in paragraph 1),

as applicable.

**“self-governance criteria”**

means a proposal that, if implemented,

- (i) is unlikely to have a material effect on:
  - (aa) existing or future gas consumers; and
  - (bb) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and
  - (cc) the operation of one or more pipe-line system(s); and
  - (dd) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
  - (ee) the uniform network code governance procedures or the network code modification procedures; and
- (ii) is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas

transporters, gas shippers or DN operators.

**“self-governance statement”**

means the statement made by the panel and submitted to the Authority in accordance with paragraph 15D(a)(i);

- (i) confirming that, in its opinion, the self-governance criteria are met and the modification is suitable for the self-governance route; and
- (ii) providing a detailed explanation of the panel’s reasons for that opinion.

**“significant code review”**

means a review of one or more matters which the Authority considers are likely to:

- (a) relate to the uniform network code (either on its own or in conjunction with other industry codes); and
- (b) be of particular significance in relation to its principal objective and/or general duties (under section 4AA of the Act), statutory functions and/or relevant obligations arising under Retained EU law; and

concerning which the Authority has issued a notice to the parties listed in paragraph 10(a)(i-iv) (among others, as appropriate) stating:

- (i) that the review will constitute a significant code review;



(ii) the start date of the significant code review; and

(iii) the matters that will fall within the scope of the review.

**“significant code review phase”**

means the period

(a) commencing either:

(i) on the start date of a significant code review as stated by the Authority; or,

(ii) on the date the Authority makes a direction under paragraph 15CD (a “backstop direction”);

and

(b) ending in one of the following ways:

(i) on the date on which the Authority issues a statement under paragraph 15C(b) (that no directions will be issued in relation to the uniform network code); or

(ii) if no statement is made under sub-paragraph 15C(b) or (bb), on the

date on which the licensee has made a modification proposal in accordance with paragraphs 10(aa) and, 15C(a), or the Authority makes a modification proposal under paragraph 15C(ba); or

- (iii) immediately under paragraph 15C(c), if neither a statement, a modification proposal, or directions are made by the Authority up to and including twenty-eight (28) days from the Authority's publication of its significant code review conclusions, or
- (iv) if a statement has been made under paragraph 15C(bb) or a direction has been made under paragraph 15CD (a "backstop direction"), on the date specified in accordance with paragraph 15CA.

**"small participant"**

means

- (v) a shipper, a supplier, or new entrant to the gas market in Great Britain that can demonstrate to the code administrator that it is resource-constrained and, therefore, is in particular need of assistance;
- (vi) any other participant or class of participant that the code administrator considers to be in particular need of assistance; and
- (c) a participant or class of participant that the Authority has notified the code administrator as being in particular need of assistance.

**“UNC charging methodologies”**

means:

- (i) in respect of the NTS operator only, the connection charging methodology regulated by Standard Condition 4B (Connection Charging Methodology);
- (ii) in respect of the NTS operator and DN operator(s), the charging methodologies regulated by;
  - (aa) Standard Special Condition A4 (Charging – General);
  - and

- (ii) Standard Special Condition A5  
(Obligations As Regards Charging  
Methodology).

(bb)

- (b) Where the context requires,
  - (i) references to a network code shall include the equivalent document prepared by each other relevant gas transporter (as from time to time modified) pursuant to the condition in its licence corresponding to this condition; and
  - (ii) references to transportation arrangements shall include the corresponding arrangements made by each other relevant gas transporter.

For the purposes of this condition, relevant shipper shall have the meaning given to that term in Standard Special Condition A3 (Definitions and Interpretation) and references to a relevant shipper include any gas shipper which is a relevant shipper for the purposes of the licence of any relevant gas transporter.

**Standard Special Condition A12: Joint Office Governance Arrangements.**

1. The licensee shall:
  - (a) together with all other relevant gas transporters, establish, develop and operate (or otherwise procure the operation of) arrangements (“**joint governance arrangements**”) for:
    - (i) the administration of the network code modification procedures (as defined in paragraph 7 and further defined in paragraph 9 of Standard Special Condition A11 (Network Code and Uniform Network Code));
    - (ii) giving effect to the provisions of Standard Special Condition A11 (Network Code and Uniform Network Code), Standard Special Condition A4 (Charging – General) and Standard Special Condition A5 (Obligations as Regard Charging Methodology) relating to the administering of the coordination of the modification of the licensee’s and the other relevant gas transporters’ respective charges or reserve prices or charging methodologies (as the case may be);
    - (iii) the administration of such matters as are provided for in the uniform network code to be implemented by the relevant gas transporters on a common, joint or coordinated basis;
    - (iv) so far as is consistent with sub-paragraphs (i) to (iii), the promotion of efficiency in the implementation and administration of the network code and/or uniform network code; and
    - (v) such other matters as they may decide, subject to their licence and statutory obligations;
  - (b) by the date at which this condition becomes effective (unless the Authority consents otherwise in writing), have entered into an agreement (“**JGA**

- agreement**”) with the other relevant gas transporters, providing for the establishment and operation of the joint governance arrangements;
- (c) provide or cause to be provided to the Authority a copy of the JGA agreement and each amendment thereof; and
  - (d) publish, or cause to be published, a copy of the JGA agreement as modified from time to time, with the exception of information agreed in writing as being confidential by the Authority.
2. The joint governance arrangements shall, without limitation, be such as are calculated, consistent with the efficient discharge of each relevant gas transporter's obligations under the Act and its respective licence:
- (a) to ensure compliance with the network code modification procedures;
  - (b) so far as consistent with sub-paragraph (a), to promote efficiency in the administration of the network code modification procedures and the other matters subject to the JGA agreement; and
  - (c) to avoid undue discrimination or preference as between the relevant gas transporters.
3. The licensee shall submit, or cause to be submitted, any proposed amendment to the JGA agreement to the Authority and shall not make or permit any amendment to the JGA agreement until the expiry of 90 days from the date on which the Authority receives the proposed amendment unless prior to such date the Authority either:
- (a) consents in writing to the licensee making or permitting the amendment on an earlier date, or
  - (b) directs the licensee in writing not to make or permit the amendment.
4. (a) In relation to Standard Special Condition A11 (Network Code and Uniform Network Code) of this licence, the licensee shall comply directly or shall procure compliance by means of the joint governance arrangements, with the requirements in:

- (i) paragraph 6 of Standard Special Condition A11 (Network Code and Uniform Network Code) to furnish to the Authority a copy of the uniform network code,
  - (ii) paragraph 13 of Standard Special Condition A11 (Network Code and Uniform Network Code) to furnish to the Authority a copy of any modification made,
  - (iii) paragraphs 10(aa) and 14 of Standard Special Condition A11 (Network Code and Uniform Network Code) to propose a modification,
  - (iv) paragraph 15(a) of Standard Special Condition A11 (Network Code and Uniform Network Code) to give notice to the Authority and paragraph 15(b)(ii) to furnish to the Authority a revised notice,
  - (v) paragraph 15(b) of Standard Special Condition A11 (Network Code and Uniform Network Code) to comply with a direction to make a modification
  - (vA) paragraph 15D(a)(i) of Standard Special Condition A11 (Network Code and Uniform Network Code) to furnish to the Authority a self-governance statement;
  - (vi) paragraph 16 of Standard Special Condition A11 (Network Code and Uniform Network Code) to make a modification; and
  - (vii) paragraph 17 of Standard Special Condition A11 (Network Code and Uniform Network Code) to prepare and publish a summary, to send a copy, and to provide a copy on a freely available web-site.
- (b) Where a licensee has, directly or indirectly by means of the joint governance arrangements, provided the information or taken the action specified in subparagraphs 4(a) (i) to 4(a) (vii) inclusive, it shall have, without prejudice to any other obligations it may have, been deemed to have complied with the requirement to have provided the information or to have taken the action specified.

STANDARD SPECIAL CONDITIONS APPLICABLE TO BOTH NTS AND DN LICENSEES: PART A



**Standard Special Condition A13: Not Used**

**Standard Special Condition A14: Availability of Data Formats**

1. Where the licensee uses standard file formats for transferring data, for any purposes set out in the network code, between any persons identified in such network code as appropriate persons for the receipt of the data, it shall:
  - (a) make those standard file formats and associated definitions of data items available, free of charge, to gas shippers and other gas transporters for their use in connection with their licensed activities; and
  - (b) comply with its obligations under the network code and the the CDSP Service Agreement (as defined in Standard Special Condition A15 (Central Data Services Provider) in this regard.

## **Standard Special Condition A15: Central Data Service Provider**

### **Introduction**

1. The purpose of this condition is to provide for the continued appointment of a “central data service provider” (“CDSP”) and to set out the obligations with which the licensee must comply with respect to the ongoing operation of the CDSP.

### **Part A: Obligations of the licensee in ensuring the continued appointment of a CDSP**

2. The licensee must , together with Relevant Gas Transporters, ensure that there is in post at all times a person appointed as the CDSP to provide CDSP services and systems (together referred to as “CDSP Services” in compliance with the minimum requirements set out in this Part.
3. The licensee must, together with Relevant Gas Transporters, ensure that:
  - (a) the CDSP’s constitution requires the appointment of directors nominated by Relevant Users of CDSP Services other than Relevant Gas Transporters (such users being “Non-RGT Users”);
  - (b) Non-RGT Users’ representatives are given the opportunity to participate in the contract management and change management process related to the CDSP Services and are given the opportunity to participate in the decision making process in respect of matters that will have an effect on the continued appointment and ongoing operation of the CDSP;
  - (c) the CDSP consults with, and takes due regard of responses by Non-RGT Users in respect of its business plan and budget for CDSP Services.
4. The licensee must, together with Relevant Gas Transporters, ensure that the UNC sets:

- (a) a requirement that the licensee, each Relevant Gas Transporter and (as a condition of being a party to the UNC) each other user of CDSP Services as such users may be defined in the UNC (to the extent such other users of the CDSP Services are bound by the UNC) be party to a service agreement with the CDSP (“the CDSP Service Agreement”);
- (b) a classification of CDSP Services, including those which are required to be used by Relevant Gas Transporters, gas shippers and other parties to the UNC;
- (c) obligations on the licensee and other users of CDSP Services, to the extent such other users of the CDSP Services are required to be party to the CDSP Service Agreement (the licensee and such other users collectively being “Relevant Users of CDSP Services”) to:
  - (i) jointly control and govern the CDSP on an economic and efficient basis;
  - (ii) use or procure the use of CDSP Services, as set out in the UNC from the CDSP;
  - (iii) keep the CDSP Service Agreement under review to ensure it continues to comply with the relevant sections of the UNC; and
  - (iv) pay for CDSP Services in accordance with the charging statement prepared by the CDSP (“the CDSP Charging Statement”); and
- (d) a process enabling a Relevant User of CDSP Services to appeal the CDSP Annual Budget (as defined in paragraph 6(c)) by issuing a notice to the Authority in writing. The circumstances under which such notice can be issued are to be limited to where that party considers the CDSP Annual Budget to not be fit for purpose for the CDSP to be able to fulfil its obligation specified in paragraph 5(b) of this condition.

**Part B: Minimum obligations relating to the CDSP**

5. The licensee must, together with Relevant Gas Transporters, ensure that the CDSP is :

- (a) a company under the joint ownership of the licensee and of Relevant Gas Transporters;
  - (b) a company the purpose of which (except where the Authority consents otherwise in writing) is to provide CDSP Services and which shall set out within its articles of association a prohibition on the distribution of profits and declaration of dividends (save for dividends in respect of profits relating to periods prior to 1 April 2017); and
  - (c) a company jointly controlled and governed by the licensee and by Relevant Users of CDSP Services where this is reflected in the CDSP's articles of association, which at a minimum must contain:
    - (i) a provision for the appointment and removal of directors of the CDSP by the licensee and by other Relevant Users of CDSP Services on a transparent and equitable basis;
    - (ii) a provision for the licensee, together with Relevant Gas Transporters, to require the CDSP to make changes to the CDSP Annual Budget where the Authority requires such changes to be made pursuant to the powers given to the Authority in paragraph 10 of this condition.
6. The licensee shall, together with Relevant Gas Transporters, ensure that by 1 April 2017 (or such later date as the Authority may direct) the CDSP Service Agreement includes obligations on the CDSP to:
- (a) provide or otherwise procure CDSP Services which shall include services required in the UNC for Relevant Gas Transporters, gas shippers and other Relevant Users of CDSP Services;
  - (b) provide or otherwise procure CDSP Services effectively to help facilitate the efficient and integrated operation of the gas industry;
  - (c) produce, in consultation with Relevant Users of CDSP Services, and publish an annual budget in respect of the delivery of CDSP Services (“the CDSP Annual Budget”);

- (d) publish and keep under review a charging methodology, as required by the UNC, and publish and keep under review the CDSP Charging Statement, setting out its charges calculated in accordance with the charging methodology, both of which must:
  - (i) shall aim to recover the CDSP Annual Budget (as amended pursuant to any direction from the Authority)
  - (ii) shall facilitate the objective of economic, efficient and transparent charging for the provision of the CDSP Services and achieve the “Charging Methodology Objectives”;
- (e) The “Charging Methodology Objectives” means the following objectives:
  - (i) that compliance with the charging methodology results in charges which reflect the costs incurred by the CDSP for the provision of the CDSP Services;
  - (ii) that, so far as is consistent with sub-paragraph (i), the charging methodology properly takes account of developments in the provision of CDSP Services;
  - (iii) that, so far as is so consistent, compliance with the charging methodology facilitates effective competition between gas shippers, between gas suppliers and between Gas Transporters;
  - (iv) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.
- (f) notify the Authority in writing if it increases its charges during a financial year; and
- (g) amend the CDSP Annual Budget when directed to do so by the licensee, together with Relevant Gas Transporters, where the Authority requires such changes to be made pursuant to the powers given to it in Part C of this condition.

7. Except as otherwise provided for within the UNC and/or the CDSP Service Agreement, any modification of the charging methodology shall, where relevant, comply with the requirements of the network code modification procedures as defined in Standard Special Condition A11 (Network Code and Uniform Network Code).

**Part C: Appeals to the Authority on the CDSP Annual Budget**

8. Where the Authority receives a notification under paragraph 4(d) of this condition it will decide whether there are grounds for appeal.
9. While the Authority is considering whether there are grounds for appeal the CDSP Annual Budget under appeal will continue to be in effect.
10. If having made its assessment the Authority decides that the appeal should be allowed, it will issue a direction to every licensee in whose licence this condition has effect requiring the licensee to require the CDSP to make changes to the CDSP Annual Budget as set out in its direction.
11. The direction, issued under paragraph 10, will state:
  - (a) the value of the amended CDSP Annual Budget that is to apply;
  - (b) the years in respect of which the amended CDSP Annual Budget applies; and
  - (c) any other conditions relating to the CDSP Annual Budget that the Authority deems appropriate to impose on the relevant licensees.
12. Prior to issuing a direction under paragraph 10 of this condition the Authority shall:
  - (a) give notice to all licensees, in whose licence this condition has effect, and other users of CDSP Services that it proposes to issue the direction:
    - (i) specifying the date on which it proposes that it should have effect;

- (ii) setting out the text of the proposed direction and the Authority's reasons for proposing it; and
  - (iii) specifying the time (which will not be a period of less than 28 days from the date of the notice) within which representations or objections with respect to the proposal may be made; and
- (b) consider any representations or objections in response to the notice that are duly received and not withdrawn.



**Standard Special Condition A16: Independence of the independent market for balancing**

1. In this condition,

**“energy balancing gas transporter”** means the relevant gas transporter who is required to comply with Special Condition C6 (Independent Market for Balancing);

**“energy balancing”** means the activity of the residual balancing of inputs of gas to, and offtakes of gas from, the total system; and

**“operator of the independent market for balancing”** means a person who is independent of the energy balancing gas transporter.

2. This condition applies where the network code makes provision for the energy balancing of the total system by the energy balancing gas transporter through the operator of the independent market for balancing.

3. Unless the Authority otherwise consents, neither the licensee, nor any affiliate or related undertaking of the licensee (nor, for the avoidance of doubt, any other relevant gas transporter which is owned by the holder of this licence, the licence for which is held in the same legal entity) shall hold (directly or indirectly) any ownership interest in the operator of the independent market for balancing nor shall it act in any manner which may prejudice the independence of the operator of the independent market for balancing from all relevant gas transporters.

**Standard Special Condition A17: General obligations in respect of gas transporters' pipe-line systems.**

1. The licensee shall act in a reasonable and prudent manner in the operation of the pipe-line system to which this licence relates in so far as such operation may affect the operation of the pipe-line system of any other relevant gas transporter.
2. Without prejudice to the generality of paragraph 1, the licensee shall not knowingly or recklessly pursue any course of conduct (either alone or with some other person) which is likely to prejudice:
  - (a) the safe and efficient operation, from day to day, of the pipe-line system of any other relevant gas transporter;
  - (b) the safe, economic and efficient balancing of the pipe-line system of any other relevant gas transporter (so far as such other relevant gas transporter is required to balance its pipe-line system); or
  - (c) the due functioning of the offtake arrangements provided for in the network code.
3. The licensee shall not knowingly or recklessly act in a manner likely to give a false impression to a relevant gas transporter as to the expectations that that other relevant gas transporter may have as to either:
  - (a) the aggregate quantity of gas to be taken off that other relevant gas transporter's pipe-line system; or
  - (b) the aggregate quantity of gas to be brought onto that other relevant gas transporter's pipe-line system,by the licensee through the operation of the pipe-line system to which this licence relates.

**Standard Special Condition A18: Not Used**

**Standard Special Condition A26: Provision of Information to the Authority**

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

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- (a) an undertaking complying with paragraph 2 is not in place in relation to that ultimate controller; or
  - (b) there is an unremedied breach of such undertaking; or
  - (c) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 3 of this condition.
5. The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of its functions under section 34 of the Act.
6. The licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information or advice (so far as relating to its activities as holder of a gas transportation licence) which the Authority proposes to publish pursuant to section 35 of the Act.
6. This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.
7. The power of the Authority to call for information under this condition is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

**Standard Special Condition A27: Disposal of Assets and restrictions on charges over Receivables**

1. The licensee shall not dispose of or relinquish operational control over any transportation asset except in accordance with the provision of this condition.
2. Subject to paragraph 3, the licensee must not, after 1 April 2013, grant any mortgage, charge, or other form of security over any receivable except in accordance with the provisions of this condition.
3. The licensee may permit any mortgage, charge, or other form of security over any receivable in effect at the date mentioned in paragraph 2 to remain in effect and may vary its terms so long as the variation does not have the effect of materially extending the scope of the mortgage, charge, or other form of security insofar as it applies to the licensee's receivables.
4. Save as provided in paragraphs 6, 7 or 9, the licensee shall give to the Authority not less than two months' prior written notice of:
  - (a) its intention to dispose of or relinquish operational control over any transportation asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset; or
  - (b) its intention to grant any mortgage, charge, or other form of security over any receivable or class or classes of receivables together with such further information as the Authority may request 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.
5. The following provisions of this paragraph shall apply where the transportation asset comprises a significant part of an independent system operated by the licensee on the appointed day which remains an independent system:

- (a) Save where the Secretary of State otherwise agrees, the licensee shall neither agree to dispose of, nor dispose of, its right to operate such a transportation asset unless it has put in place or procured, or will with effect from no later than the date of such disposal put in place or procure, a suitable alternative arrangement and any question arising under this sub-paragraph as to whether an alternative arrangement is or will be suitable shall be determined by the Secretary of State.
  - (b) The licensee shall notify the Secretary of State no less than 60 days in advance of the proposed disposal and if the Secretary of State directs the licensee within 30 days of such notification, not to proceed with the disposal on grounds that it, and / or the person to whom the independent system will be disposed of, will not comply with such suitable alternative arrangement as the Secretary of State shall determine, the licensee shall comply with the direction.
  - (c) The licensee shall at all times comply with the alternative arrangements in respect of independent systems operated by the licensee.
6. Notwithstanding paragraphs 1 and 4(a), the licensee may dispose of or relinquish operational control over a transportation asset where:
- (a) the Authority has issued directions for the purposes of this condition generally containing a general consent (whether or not subject to conditions) to:
    - (i) transactions of a specified description; or
    - (ii) the disposal of or relinquishment of operational control over an asset of a specified description; and
  - (b) the transaction or the assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject.
7. Notwithstanding paragraphs 2 and 4(b), the licensee may grant a mortgage, charge, or other form of security over a receivable or class or classes of receivables where:
- (a) the indebtedness of the licensee which is to be secured represents the novation or rollover of existing indebtedness; and

- (b) the proceeds of the indebtedness of the licensee which is to be secured are used to repay the existing indebtedness referred to in sub-paragraph (a).
- 8. For the purposes of paragraph 7, 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.
- 9. Notwithstanding paragraphs 1 and 2, the licensee may dispose of or relinquish operational control over any transportation asset or grant a mortgage, charge, or other form of security over a receivable or class or classes of receivable where the transaction in question is required by or under any enactment, any provision of subordinate legislation within the meaning of the Interpretation Act 1978, or a regulation of the Council or Commission of the European Union that has effect in EU law immediately before IP completion day.
- 10. Notwithstanding paragraphs 1 and 2, the licensee may dispose of or relinquish operational control over any transportation asset or grant a mortgage, charge, or other form of security over a receivable or class or classes of receivable as is specified in any notice given by the licensee under paragraph 4 where:
  - (a) the Authority confirms in writing that it consents to such disposal or relinquishment or grant (which consent may be made subject to acceptance, by the licensee or any third party to the transaction in question, of such conditions as the Authority may specify); or
  - (b) the Authority does not inform the licensee in writing of any objection to such disposal, relinquishment or grant within the notice period referred to in paragraph 4.
- 11. If a transportation asset comprises a significant part of the gas conveyance system in Great Britain, notwithstanding that a disposal of or relinquishment of operational control over the asset is permitted under paragraphs 6, 9 or 10, the licensee shall notify the Secretary of State at least 60 days in advance of the proposed disposal of or



relinquishment of operational control over the asset; and if the Secretary of State directs the licensee, within 30 days of such notification, not to proceed with the disposal of or the relinquishment of operational control over the asset, the licensee shall comply with the direction.

12. In this condition-

**“alternative arrangements”** means, in respect of relevant premises, arrangements for the conveyance of gas to protect the interests of consumers at such premises, as determined by the Secretary of State as suitable under sub-paragraph 5(a) of this condition in this licence or the equivalent condition in the licence of any other relevant gas transporter.

**“appointed day”** means 1 March 1996.

**“disposal”** means

- (a) in relation to disposal of a transportation asset situated in England and Wales includes, any sale, gift, exchange, assignment, lease, licence, loan, mortgage, charge, or the grant of any other encumbrance, or the permitting of any encumbrance to subsist or any other disposition to a third party;
- (b) in relation to disposal of a transportation asset situated in Scotland, includes the grant of any disposition, conveyance, contract of excambion, any lease, assignation, licence, the grant of any right of possession, loan, standard security, floating charge to a third party or the grant of any servitude right, wayleave or any other transaction or event which is capable under any enactment or rule of law of affecting the title to a registered interest in land;

and “dispose” and “cognate” expressions shall be construed accordingly;

- “receivable”** means a contractual right to receive any sum or sums or any other financial asset from another person.
- “relevant premises”** means
- (a) any premises connected to a system to which this licence relates which was an independent system on the appointed day and which remains an independent system; and
  - (b) any premises of domestic customers subsequently connected, in pursuance of section 10 of the Act, to a system to which this licence relates which was an independent system on the appointed day and which remains an independent system.
- “relinquishment of operational control”** includes, without limitation, entering into any agreement or arrangement whereby operational control of a transportation asset or transportation assets is not or ceases to be under the sole management of the licensee.
- “transportation asset”** means any part of the pipe-line system to which this licence relates or any part of any facility being one –
- (a) used by the licensee only for the diurnal storage of gas or for the storage of gas in connection with the operation of its independent systems; and
  - (b) required for the proper performance of its duty under section 9(1) of the Act,
- together with any estate or interest in land required for the utilisation of that system or of such a facility.

## **Standard Special Condition A28. Gas Network Innovation Strategy**

### **Introduction**

1. The purpose of this condition is to set an obligation on the licensee to work with other parties to develop a Gas Network Innovation Strategy. This obligation is intended to ensure that Relevant Network Licensees take a joined up approach to innovation, which results in coordinated action on priority areas that offer significant potential benefit, shared learning and the avoidance of unnecessary duplication.
2. This condition does not prevent the licensee from undertaking Innovation Projects that are not specifically outlined within the Gas Network Innovation Strategy.

### **Part A: Requirement to create and maintain a Gas Network Innovation Strategy**

3. The licensee must develop and maintain a Gas Network Innovation Strategy and must use reasonable endeavours to cooperate with all other Relevant Network Licensees in the development of the Gas Network Innovation Strategy.
4. The licensee must use reasonable endeavours to work with all other Relevant Network Licensees to ensure the Gas Network Innovation Strategy is reviewed every two years and where necessary, in the majority view of Relevant Network Licensees, is also updated.

### **Part B: Gas Network Innovation Strategy**

5. The Gas Network Innovation Strategy must:
  - (a) set out the procedures for updating it (which must include the requirement to consult with Interested Parties in accordance with Part C below and the biennial review referred to in paragraph 4);
  - (b) be kept up to date in accordance with the procedures referred to in paragraph 5(a); and
  - (c) be readily accessible to the public from the licensee's website.
6. The Gas Network Innovation Strategy must include:

- (a) a description of the challenges and uncertainties which the Relevant Network Licensees consider are pertinent to the gas network over different time periods that could be addressed through innovative projects;
- (b) a description of the innovative projects and plans the Relevant Network Licensees intend to pursue in order to address the challenges referred to in paragraph 6(a) of this condition, with particular regard to how future Innovation Projects which Relevant Network Licensees will seek to initiate over the period of the Gas Network Innovation Strategy will help to address those challenges;
- (c) a description of the challenges which the Relevant Network Licensees consider are pertinent to the gas network over different time periods and which are not currently being addressed through projects or plans, including but not limited to projects or plans made by the Relevant Network Licensees and Interested Parties;
- (d) a description of the innovative projects and plans the Relevant Network Licensees intend to pursue in relation to the challenges identified in paragraph 6(c) of this condition, with particular regard to how future Innovation Projects, which Relevant Network Licensees will seek to initiate over the period of the Gas Network Innovation Strategy, will help to address those challenges. Consideration should be given to the suitability of the Relevant Network Licensees to carry out the innovative projects and plans. If the Relevant Network Licensees do not intend to carry out innovative projects and plans relating to any challenge identified in paragraph 6(c), a reason should be provided as part of this description;
- (e) a description of how Relevant Network Licensees will coordinate their activities on Innovation Projects to minimise unnecessary duplication of effort;
- (f) a description of how Relevant Network Licensees will share the learning that they have gained through Innovation Projects; and

- (g) any directions related to the Gas Network Innovation Strategy issued by the Authority.

### **Part C: Consultation**

7. The licensee must, in cooperation with Relevant Network Licensees, have regard to whole system considerations and use reasonable endeavours to consult with Interested Parties and with stakeholders in other sectors prior to publication, or revision, of the Gas Network Innovation Strategy. This includes stakeholders in the following sectors:
  - (a) electricity;
  - (b) gas;
  - (c) heat
  - (d) refuse
  - (e) telecoms;
  - (f) transport; and
  - (g) water and wastewater.
8. The licensee must include in the Gas Network Innovation Strategy:
  - (a) a description of those Interested Parties and stakeholders referred to in paragraph 7, with whom it has consulted; and
  - (b) its analysis of any representations relevant to the requirements set out in paragraph 6, received in response to the consultation.

### **Part D: Interpretation**

9. For the purposes of this condition:

**Gas Network Innovation Strategy** means a document, or suite of documents, published by Relevant Network Licensees that complies, or together comply with the requirements of this condition.

**Innovation Project**

means a project funded by the:

- (a) RIIO-1 Network Innovation Allowance;
- (b) RIIO-2 Network Innovation Allowance;
- (c) RIIO-1 Network Innovation Competition;
- or
- (d) SIF.

**Interested Parties**

include, but are not limited to, the Engineering and Physical Sciences Research Council, the Department of Business, Energy and Industrial Strategy, Innovate UK and their successor bodies and holders of a gas transporter licence that are not National Grid Gas plc or a RIIO Gas Distribution Licensee.

**Relevant Network Licensee**

means the holder of a gas transporter licence with condition A28 in effect in its licence.

**RIIO Gas Distribution Licensee**

means Cadent Gas Ltd, Northern Gas Networks Ltd, Scotland Gas Networks plc, Southern Gas Networks plc, and Wales and West Utilities Ltd.

**RIIO-1 Network Innovation Allowance**

means the network innovation allowance established by Special Condition 2E (The Network Innovation Allowance) of the gas transporter licence held by National Grid Gas plc as in force on 31 March 2021 and now governed by Special Condition 5.3 (Carry-over Network Innovation Allowance) of that licence; and Special Condition 1H (The Network Innovation

Allowance) of the gas transporter licences held by the RIIO Gas Distribution Licensees as in force on 31 March 2021 and now governed by Special Condition 5.3 (Carry-over Network Innovation Allowance) of those licences.

**RIIO-1 Network Innovation Competition** means the network innovation competition established by Special Condition 2F (The Network Innovation Competition) of the gas transporter licence held by National Grid Gas plc as in force on 31 March 2021 and now governed by Special Condition 7.7 (RIIO-GT1 network innovation competition) of that licence; and Special Condition 1I (The Network Innovation Competition) of the gas transporter licences held by the RIIO Gas Distribution Licensees as in force on 31 March 2021 and now governed by Special Condition 7.7 (RIIO-GD1 network innovation competition) of those licences.

**RIIO-2 Network Innovation Allowance** means the network innovation allowance established by Special Condition 5.2 (RIIO-2 network innovation allowance) of the gas transporter licences held by National Grid Gas plc and the RIIO Gas Distribution Licensees.

**SIF** means the strategic innovation fund established by Special Condition 5.7 (The strategic innovation fund) of the gas transporter licence held by National Grid

Gas plc and Special Condition 9.13 (The strategic innovation fund) of the gas transporter licences held by the RIIO Gas Distribution Licensees.

**Standard Special Condition A29: Not Used**



## **Standard Special Condition A30: Regulatory Accounts**

### **Introduction**

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

### **Part A: Businesses to which licensee's obligation applies**

2. The businesses to which the licensee's obligation under paragraph 1 applies, in each case to the extent applicable, are:
  - (a) the transportation business in respect of each distribution network , or the NTS (where applicable), separately identifying the NTS transportation owner activity, the NTS system operation activity, the LNG storage business and LNG import or export facilities activities, where applicable;
  - (b) the metering business, separately identifying services provided pursuant to paragraph 1 of Standard Special Condition D17 (Provision and return of meters) with respect to each distribution network, as appropriate;
  - (c) the meter reading business;
  - (d) any de minimis business to which this licence relates, separately identifying the allocation or apportionment of each de minimis activity to each of the businesses referred to in sub-paragraphs (a) to (c), and clearly describing each such activity;
  - (e) other activities to which this licence relates and to which the Authority has given its consent in accordance with paragraph 3(d) of Standard Special Condition A36 (Restriction on activity and financial ring-fencing), separately identifying the apportionment of each such activity to each of the businesses referred to in sub-paragraphs (a) to (c), and clearly describing each service provided; and
  - (f) the whole business to which this licence relates, as represented by the consolidation of the businesses and activities referred to within sub-paragraphs (a) to (e), where applicable, and, in addition, details of any de minimis business carried out by a relevant associate (as defined in paragraph 4 of Standard Special Condition A36) of the holder of the licence.

**Part B: Other matters relating to licensee's obligation**

3. Subject to the requirements of paragraph 4, where the holder of this licence is a parent undertaking as defined in Section 1162 of the Companies Act 2006 and itself prepares either IAS or Companies Act group accounts, its regulatory accounts must be prepared as group accounts in the format required by that Act, otherwise it must prepare consolidated accounts.
4. Where the holder of this licence also holds, within the same legal entity, one or more other gas transporter licence(s) for relevant gas transporters, it must:
  - (a) ensure that such of the businesses referred to in Part A above as are applicable are reflected in the regulatory accounts submitted in respect of those licences, such that those regulatory accounts, when consolidated, reflect the total business of the licence holder; and
  - (b) include within each set of regulatory accounts prepared in accordance with those licences, a reconciliation to the statutory accounts of the licensee prepared under the Companies Act 2006 which (i) contains sufficient explanation of all reconciling items for all sets of regulatory accounts and (ii) covers each of the primary financial statements set out in paragraphs 9(a) to (d).

**Part C: Preparation of the regulatory accounts**

5. For the purposes of this condition, but without prejudice to the requirements of Part E below, the licensee must prepare regulatory accounts for each financial year, which must be prepared under the same applicable accounting framework as the most recent or concurrent statutory accounts of the licensee.
6. Except and so far as the Authority otherwise consents, the licensee must comply with the obligations imposed by the following paragraphs of this Part C in relation to the preparation of regulatory accounts.
7. The licensee must keep or cause to be kept for a period approved by the Authority, but not less than the period referred to in section 388(4)(b) of the Companies Act 2006 and in the manner referred to in that section, such accounting records and other records as are necessary to ensure that all of the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each of the businesses referred to in Part A above are separately identifiable in the accounting records of the licensee (and of any affiliate or related undertaking of the licensee) from those of any other business of the licensee.
8. The regulatory accounts must be prepared on a consistent basis derived from the accounting records and other records referred to in paragraph 7 in respect of each financial year, and must comprise:
  - (a) the matters set out in paragraph 9; supported by
  - (b) the matters mentioned in paragraph 10; and
  - (c) the statement required by paragraph 11.

9. The matters to which paragraph 8(a) refers are:
- (a) an income statement and a statement of comprehensive income (or, as appropriate, a profit and loss account and, as appropriate, a statement of total recognised gains and losses);
  - (b) a statement of changes in equity, if appropriate;
  - (c) a statement of financial position (or, as appropriate, a balance sheet);
  - (d) a statement of cash flows (or, as appropriate, a cash flow statement);
  - (e) a corporate governance statement in respect of the whole business to which this licence relates;
  - (f) a directors' report in respect of the whole business to which this licence relates; and
  - (g) a business review in respect of the whole business to which this licence relates.
10. The matters to which paragraph 8(b) refers are explanatory notes to the regulatory accounts that:
- (a) provide a summary of the accounting policies adopted by the licensee for the purpose of producing regulatory accounts in respect of the whole business to which this licence relates; and
  - (b) comply with the requirements applicable for preparing annual accounts in Chapter 4 of Part 15 of the Companies Act 2006 and of the reporting requirements of the applicable accounting framework in respect of each business to which this licence relates.

**Part D: Bases of charge or apportionment**

11. Subject to paragraph 12, the licensee must include within its regulatory accounts, a statement that, in respect of each of the businesses referred to in Part A above, shows separately and in appropriate detail the amount of any revenue, cost, asset, liability, reserve, or provision which has been:
- (a) charged from any ultimate controller of the licensee, or from any subsidiary of such ultimate controller (other than the licensee or any of its subsidiaries), in relation to the provision of goods or services to the licensee; or
  - (b) charged from the licensee, or from any subsidiary of the licensee, in relation to the provision of goods or services to any ultimate controller of the licensee, or to any subsidiaries of such ultimate controller (other than the licensee or any of its subsidiaries); or
  - (c) determined by apportionment or allocation between any of the businesses referred to in Part A above or any other business of the licensee or affiliate or

- related undertaking (and, where this sub-paragraph applies, the statement must include a description of the basis of the apportionment or allocation).
12. The requirements of paragraph 11 apply only in respect of goods and services received or supplied for the purposes of the businesses referred to in Part A above.
  13. Unless the Authority so specifies in directions issued for the purposes of this condition, or with the Authority's prior written consent, the licensee must not in relation to the regulatory accounts prepared in respect of any financial year change the bases of charge, apportionment, or allocation referred to in paragraph 11 from those applied in respect of the immediately preceding financial year.
  14. Where the licensee has, in accordance with paragraph 13 above, changed its bases of charge, apportionment, or allocation or changed any of its accounting policies or the manner of their application from those adopted for the immediately preceding financial year, the licensee must, if so directed by the Authority, in addition to preparing regulatory accounts on the changed bases that it has adopted, also prepare such regulatory accounts by reference to the bases, accounting policies, and manner of application that applied in respect of that immediately preceding financial year.

#### **Part E: Consistency with Statutory Accounts**

15. Regulatory accounts and information prepared under Parts C and D above must, so far as is reasonably practicable and except so far as the Authority otherwise consents, having regard to the purposes of this condition:
  - (a) have the same content and format as the most recent or concurrent statutory accounts of the licensee prepared under Part 15 of the Companies Act 2006; and
  - (b) comply with all relevant accounting and reporting standards currently in force under the applicable accounting frameworks as set out in Part 15 of the Companies Act 2006.
16. This paragraph applies if the regulatory accounts are group accounts of the licensee's gas transportation business, including those aspects of the business carried on in relevant affiliates, and for which there are no comparable statutory accounts of the licensee prepared under Part 15 of the Companies Act 2006.
17. Where paragraph 16 applies, the licensee must prepare a statement that:
  - (a) reconciles the regulatory accounts to its most recent or concurrent statutory accounts and containing appropriate explanation of all reconciling items; and
  - (b) has been audited and reported upon by the appropriate auditor engaged under Part F below.
18. The statement referred to in paragraph 17 must be submitted to the Authority by 31 July after the end of the financial year to which the regulatory accounts relate, but is otherwise exempt from the requirements of Part I below.

### **Part F: Audit and delivery of regulatory accounts**

19. Unless the Authority otherwise consents, the licensee must:
- (a) procure an audit by an appropriate auditor of such parts of its regulatory accounts and the directors' report and business review as would be specified in the Companies Act 2006 as being required to be so audited if the licensee were a quoted company and those accounts were the statutory accounts of the licensee drawn up to 31 March each financial year and prepared under Part 15 of the Companies Act 2006;
  - (b) procure a report by that auditor, addressed to the Authority, that states whether in the auditor's opinion those accounts (and, if applicable, the reconciliation information mentioned in paragraph 4) fairly present the financial position, financial performance, and cash flows of, or reasonably attributable to, each of the businesses referred to in Part A in accordance with the requirements of this condition; and
  - (c) deliver those accounts and the auditor's report required under paragraph 19 (b) of this licence condition to the Authority as soon as is reasonably practicable, and in any event before their publication of such accounts under Part I below and not later than 31 July following the end of the financial year to which the regulatory accounts relate.

### **Part G: Terms of appointment of the appropriate auditor**

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

### **Part H: Agreed upon procedures for the appropriate auditor**

21. The licensee must, at its own expense, enter into a contract of appointment with an appropriate auditor for the completion of agreed upon procedures that are to apply for the purposes of enabling that auditor to review:
- (a) the licensee's compliance with its obligations in respect of the prohibition of cross-subsidy and discrimination generally and, in particular, under such of standard or standard special conditions A6 (Conduct of transportation business), A35 (Prohibition of Cross-Subsidies) and, to the extent applicable, D19 (Non-discrimination in the provision of metering activities) of this licence as specifically impose such prohibitions; and
  - (b) the statement that by virtue of Part D above is required to be included in the regulatory accounts concerning the bases of charge, apportionment, and allocation applied by the licensee in relation to those accounts.

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

### **Part I: Publication and provision of regulatory accounts**

24. Subject to paragraph 26, and unless the Authority after consulting with the licensee otherwise directs, the licensee must publish its regulatory accounts (excluding the statement required to be included in them by virtue of Part D above and any other information agreed by the Authority to be confidential):
  - (a) as a stand-alone document in accordance with this condition;
  - (b) by 31 July after the end of the financial year to which the accounts relate;
  - (c) on, and in a way that is readily accessible from, its website or that of an affiliate or ultimate controller of the licensee provided that link is both clear and readily accessible; and
  - (d) in any other manner which, in the opinion of the licensee, is necessary to secure adequate publicity for the accounts.
25. The licensee must provide a copy of the regulatory accounts free of charge:
  - (a) to Citizens Advice or Consumer Scotland (or any successor entity), no later than the date on which the regulatory accounts are published; and
  - (c) to any person requesting a copy.
26. The licensee is not required to publish regulatory accounts for the LNG storage and LNG import or export facilities businesses, metering business or the meter reading business if such publication would or might seriously and prejudicially affect the interests of the licensee, or of any ultimate controller of the licensee, or of any subsidiary of any ultimate controller.

27. Any question arising under paragraph 26 as to whether a person's interests would or might be seriously and prejudicially affected is to be referred (except in so far as the Authority consents otherwise) to the Authority for determination.

**Part J: Interpretation and definitions**

28. Any consent by the Authority given in relation to a provision of this condition may be given in relation to some or all of the requirements of the relevant provision and subject to such conditions as the Authority considers appropriate or necessary having regard to the purposes of this condition.

29. If the Authority, having particular regard to any representations received from the licensee and other persons about the extent to which there is competition in metering or meter reading, considers it appropriate that references to either:

- (a) the metering business and meter reading business; or
- (b) the LNG storage business; or
- (d) LNG import or export facility activity,

should be deleted from this condition, then those references will cease to have effect in this condition from the date or dates specified in a notice published by the Authority for that purpose.

30. The requirement under paragraph 9 of this condition for the licensee to include a business review, a corporate governance statement, and a directors' report in its regulatory accounts is to be read as if the requirement applied to the licensee as a quoted company, whether or not it is such a company, such that:

- (a) the business review has the coverage and content of the business review that a quoted company is required to prepare under section 417 of the Companies Act 2006;
- (b) the corporate governance statement has the coverage and content of a corporate governance statement that a quoted company is required to prepare under the UK Corporate Governance Code issued under the UK Listing Authority's listing rules and interpretations on corporate governance; and
- (c) the directors' report has the coverage and content of the directors' report that a quoted company is required to prepare under sections 415, 416, 417, 418(2), and 419(3) and (4) of the Companies Act 2006.

31. For the avoidance of doubt, the licensee should prepare regulatory accounts for the financial year commencing on or after 1 April 2012 in accordance with the licence condition in force as at 31 March 2013.

32. For the purposes of this condition:

<b>agreed upon procedures</b>	means procedures from time to time agreed between the Authority, the appropriate auditor, and the licensee for the purpose of enabling the appropriate auditor to review and report to the Authority on matters relating to the requirements referred to at paragraph 21 of this condition;
<b>applicable accounting framework</b>	means:  (a) in accordance with section 396 of the Companies Act 2006 (“Companies Act individual accounts”), or in accordance with international accounting standards (“IAS individual accounts”); or  (b) in accordance with section 403 Companies Act group accounts, or IAS group accounts;
<b>consolidated accounts</b>	means the regulatory accounts of the licensee incorporating the results of all subsidiaries and the financing disclosure requirements of any subsidiary of the licensee as if they were part of the consolidated accounts;
<b>quoted company</b>	has the meaning given in section 385 of the Companies Act 2006;
<b>UK Listing Authority</b>	has the meaning given in section 72 of the Financial Services and Markets Act 2000 and refers to the Financial Services Authority when it acts in its capacity as the competent authority for the purposes of that section.



**Standard Special Condition A31: Supply Point Information Service**

1. The licensee shall establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of, an information service (the “**supply point information service**”) consistent with its obligations under Standard Special Condition A15 (Central Data Services Provider).
  
2. The licensee shall ensure that the supply point information service fulfils, for all premises connected to the pipe-line system to which this licence relates, including secondary sub-deduct premises, the following functions:
  - (a) the maintenance of a register containing the data set out in paragraph 3 (“**relevant data**”);
  - (b) the amendment of relevant data to reflect changes of supplier in respect of any such premises;
  - (c) in respect of domestic customers or persons acting on their behalf, other than gas shippers or their agents, the provision, in a timely and efficient manner, of such of the relevant data as is referred to in sub-paragraphs 3(a)(iii), 3(b)(iii) and 3(b)(iv) as is reasonably required and requested by that person;
  - (d) in respect of the following applicants:
    - (i) any relevant shipper or agent thereof;
    - (ii) any person identified in the network code as an appropriate person for the receipt of data for balancing and change of supplier purposes; and
    - (iii) any customer (other than a domestic customer) of a gas supplier or person acting on his behalf entitled to such data for the purpose of facilitating changes of supplier in respect of that customer’s premises;the provision, in a timely and efficient manner, of such of the relevant data as is reasonably required and requested by the applicant;
  - (e) the maintenance, subject to sub-paragraphs 6(a), 6(c) and paragraph 7, of an enquiry service for the provision to any customer of a gas supplier, on request and free of charge at the point of use to domestic customers, of such of the

relevant data in respect of the supply of gas to premises which are (or which are about to be) owned or occupied by that customer; and

- (f) the taking of such steps as will in the opinion of the licensee secure adequate publicity for the operation of the enquiry service mentioned in sub-paragraph 2(e).
- 2A. With effect from the CSS Go-Live Date, certain functions referred to in paragraph 2 above may be provided through a separate service under or pursuant to an industry code that the licensee is party to. For the avoidance of doubt, in such a case additional provision of such service(s) by the Central Data Service Provider (as defined by Standard Special Condition A15) will not be required.
3. The data referred to in sub-paragraph 2(a) above is:
- (a) such technical and other data as is necessary to facilitate supply by any gas supplier to any premises connected to the pipe-line system to which this licence relates, including secondary sub-deduct premises, and to meet the reasonable requirements of gas shippers in respect of such premises for information for balancing and change of supplier purposes, including (where so required):
    - (i) the identity of the gas shipper responsible under the network code for the supply point at such premises;
    - (ii) the type of metering equipment installed at each such premises where the licensee has been supplied with details of such equipment; and
    - (iii) a unique and accurate address of each such premises so far as is reasonably practicable, having regard to the nature and source of the information provided to the licensee; and
  - (b) such information which is in the possession of the licensee as may be necessary and which is reasonably required for the purpose of –
    - (i) managing the supply of gas to the premises of the customer;
    - (ii) assessing the accuracy of those components of the charges relating to the conveyance of gas to such premises which are specific to the premises of that customer;

- (iii) enabling that customer to contract with another supplier for the supply of gas; or
  - (iv) identifying the supplier to the customer's premises.
  
- 4. In fulfilling its obligation in accordance with paragraph 1 the licensee shall not restrict, distort or prevent competition in the provision of meter services or gas supply.
  
- 4.A The Authority may, after consulting with the licensee and any other party likely to be materially affected, give a direction ("a derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.
  
- 5. Subject to paragraphs 6 and 7 below, the licensee shall provide to owners or occupiers of premises or sites on which premises are to be constructed or to persons acting on their behalf, who may require a connection to the pipe-line system to which this licence relates on request:
  - (i) such information as is in the possession of the licensee regarding predicted gas pressures on the pipe-line system to which this licence relates as is necessary for the purpose of the design, construction or maintenance of a connecting pipe-line by or on behalf of the connecting party; and
  - (ii) such information as may be required by the requesting party to verify the licensee's requirement to reinforce the pipe-line system to which this licence relates where the requesting party is required to contribute to the cost of that reinforcement.
  
- 6. The licensee shall be entitled to refuse to provide information on the grounds that-
  - (a) its disclosure would seriously and prejudicially affect the commercial interests of the licensee, and any question as to whether such interests would be so affected shall be determined by the Authority;

- (b) a person to whom information is to be provided has refused to enter into an agreement with the licensee that that person will not use the information in question other than for the purpose of facilitating those activities referred to in paragraph 5 above, nor further disclose the information; or
  - (c) in relation to sub-paragraph 2(e), save where the request is made by or on behalf of a domestic customer for the purposes of that customer, the person requesting the information has declined to pay the licensee, having been requested in writing to do so, a fee equal to the reasonable cost to the licensee of complying with the request save to the extent that such reasonable cost is recoverable from elsewhere. The licensee shall publish, in such manner as shall be appropriate to bring it to the attention of persons likely to be affected by it, a statement setting out the circumstances in which a fee is payable and the amount of any such fee.
7. Paragraph 5 shall not require the licensee to produce any documents or provide any information which it could not be compelled to produce or give in evidence in civil proceedings before the court.
8. For the purposes of this condition:
- |                         |                                                              |
|-------------------------|--------------------------------------------------------------|
| <b>CSS Go-Live Date</b> | means the time and date designated as such by the Authority. |
|-------------------------|--------------------------------------------------------------|

**Standard Special Condition A32: Not Used**

**Standard Special Condition A33: Restriction on Use of Certain Information and Independence of the Transportation Business**

1. In this condition, and in Standard Special Condition A34 (Appointment of Compliance Officer):

**“confidential information”** means information relating to, or derived from, the transportation business which is not published or otherwise legitimately in the public domain;

**“relevant generator”** means the holder of an electricity generation licence which is an affiliate or related undertaking of the licensee;

**“relevant producer”** means a person who is an affiliate or related undertaking of a licensee who conveys gas to at least 100,000 premises, and who—

(a) gets gas from its natural condition in strata otherwise than as an unintended consequence of the storage of gas, and requires a licence under section 3 of the Petroleum Act 1998 to do so or would require such a licence if getting the gas in Great Britain; or

(b) produces any other gas, including in particular biomethane, which is suitable for conveyance through pipes to premises in accordance with a gas transporter licence;

**“relevant supplier”** means the holder of an electricity or gas supply licence which is an affiliate or related undertaking of the licensee;

**“relevant shipper”** means a gas shipper which is an affiliate or related undertaking of the licensee;

**“trading business”**

means:

- (a) activities connected with the acquisition and disposal of gas or electricity in Great Britain;
- (b) activities connected with the storage of gas at an offshore storage installation or storage cavities in natural strata; or
- (c) activities connected with arranging with a gas transporter for gas to be introduced into, conveyed by means of or taken out of a pipeline system operated by that transporter

other than such activities relating to gas or electricity intended for consumption outside Great Britain as designated for the purposes of this condition by the Authority, and in the case of the licensee’s trading business only, also excluding:

- (i) such activities in connection with the supply of transportation services; or
- (ii) such activities as it may engage in with a gas shipper or with a person who benefits from an exemption under section 6A of the Act from the prohibition under section 5(1)(c) of the Act;

**“meter-related services business”**

means the activities of the licensee in connection with the provision of meter-related services as defined in paragraph 1A of Standard Special Condition D17 (Provision and Return of Meters); and

**“transportation business”**

shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) but for the purposes of this condition shall also

include the licensee's metering business other than its meter-related services business.

2. Unless the Authority otherwise consents in writing, the licensee shall put in place and at all times maintain managerial and operational systems which prevent any relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business or its meter reading business from having access to confidential information except and to the extent that such information:
  - (a) is made available on an equal basis to any gas or electricity supplier or gas shipper, electricity generator, gas producer (within the meaning of section 7(10) of the Act) or any metering equipment manager (bearing the meaning of that expression contained in Standard Special Condition D17 (Provision and Return of Meters)); or
  - (b) relates to a customer who at the time to which the information relates was a customer of the relevant supplier.
3. The licensee shall at all times manage and operate the transportation business in a way calculated to ensure that it does not restrict, prevent or distort competition in the supply of electricity or gas, the shipping of gas, the generation of electricity, the production of gas, any trading business, or the supply of meter-related services or of meter reading services.
4. Unless otherwise directed by the Authority, the licensee shall no later than 1 May 2005 have in place a statement (in this condition "**the statement**"), approved by the Authority, describing the practices, procedures and systems which the licensee has adopted (or intends to adopt) to secure compliance with paragraphs 2 and 3.
5. Where the Authority does not indicate otherwise within 60 days of receipt of the statement, the statement shall be deemed to be approved by the Authority.
6. Unless the Authority otherwise consents in writing, the statement shall in particular (but without prejudice to the generality of paragraphs 2 and 3) set out how the licensee shall:
  - (a) maintain the full managerial and operational independence of the transportation business from any relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business and its meter reading business;



- (b) maintain the branding of the transportation business so that it is fully independent from the branding used by any relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business or its meter reading business;
- (c) secure that any arrangements for the use of or access to:
  - (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the transportation business;
  - (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 transportation business also have access;
  - (iii) equipment, facilities or property employed for the management or operation of the transportation 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 transportation business;

by any relevant supplier, relevant shipper, relevant generator, any trading business, its meter-related services business or its meter reading business or by any person engaged in or in respect of the activities of such a relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business or its meter reading business shall be such as to prevent any breach of the requirements of those paragraphs; and

- (d) manage the transfer of employees from the transportation business to any relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business or its meter reading business.
7. The licensee shall revise the statement prepared in accordance with paragraph 4 where circumstances change such that the statement prepared in accordance with paragraph 4 no longer secures compliance with paragraphs 2 and 3. Such revision of the statement shall only become effective once the Authority has approved the revised statement in accordance with paragraphs 4 or 5.

8. The licensee shall use its best endeavours to ensure compliance with the terms of the statement as from time to time revised and approved by the Authority.
9. The licensee shall publish a copy of the approved statement prepared in accordance with paragraph 4 (or the latest approved version) on its company's website within fifteen working days of its approval by the Authority.

**Standard Special Condition A34: Appointment of Compliance Officer**

1. The licensee shall ensure, following consultation with the Authority that a competent person (who shall be known as the “**compliance officer**”) shall be appointed for the purpose of facilitating compliance by the licensee with Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business) and Standard Special Condition A35 (Prohibition of Cross-Subsidies).
2. The licensee shall at all times ensure that the compliance officer is engaged for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purpose specified in paragraph 1, which duties and tasks shall include those set out at paragraph 5.
3. The licensee shall procure that the compliance officer:
  - (a) is provided with such staff, premises, equipment, facilities and other resources; and
  - (b) has such access to the licensee’s premises, systems, information and documentationas, in each case, he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.
- 3A. Where the holder of this licence is a DN operator, the licensee shall ensure that the compliance officer is sufficiently independent to comply with the requirements of Article 26(2)(d) of the Directive.
4. The licensee shall make available to the compliance officer a copy of any complaint or representation received by it from any person in respect of a matter arising under or by virtue of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business).
5. The duties and tasks assigned to the compliance officer shall include:
  - (a) providing relevant advice and information to the licensee for the purpose of ensuring its compliance with relevant duties;

- (b) monitoring the effectiveness of the practices, procedures and systems adopted by the licensee in accordance with the statement referred to at paragraph 4 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business);
  - (c) advising whether, to the extent that the implementation of such practices, procedures and systems requires the co-operation of any other person, they are designed so as reasonably to admit the required co-operation;
  - (d) investigating any complaint or representation made available to him in accordance with paragraph 4;
  - (e) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
  - (f) providing relevant advice and information to the licensee for the purpose of ensuring its implementation of;
    - (i) the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business); and
    - (ii) any remedial action recommended in accordance with sub-paragraph (e); and
  - (g) reporting annually to the directors of the licensee – in respect of each year after this condition comes into force – as to his activities during the period covered by the report, including the fulfilment of the other duties and tasks assigned to him by the licensee.
6. As soon as is reasonably practicable following each annual report of the compliance officer, the licensee shall produce a report:
- (a) as to its compliance during the relevant year with the relevant duties; and
  - (b) as to its implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business).

7. The report produced in accordance with paragraph 6 shall in particular:
  - (a) detail the activities of the compliance officer during the relevant year;
  - (b) refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business); and
  - (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.
8. The licensee shall submit to the Authority a copy of the report produced in accordance with paragraph 6, and shall publish the report on its website.
9. Paragraphs 1 to 8 shall cease to apply if the Authority so directs, and the licensee may apply to the Authority for such a direction at any time.

**Standard Special Condition A35: Prohibition of Cross-Subsidies**

1. The licensee shall procure that the transportation business shall not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the licensee or of an affiliate or related undertaking of the licensee.
2. In the event that the holder of this licence also owns one or more relevant gas transporters, the licences for which are held in the same legal entity, such that the holder of this licence is:
  - (a) an NTS operator; and/or
  - (b) a DN operator,the licensee acting as either an NTS operator or a DN operator, as the context requires, shall procure that:
  - (i) it shall neither give any cross-subsidy to, or receive any cross-subsidy from, directly or indirectly, a DN operator or any other business operated by the holder of this licence pursuant to any such other gas transporter licence held by the holder of this licence; and/or
  - (ii) it shall neither give any cross-subsidy to, or receive any cross-subsidy from, directly or indirectly, an NTS operator or any other business operated by the holder of this licence pursuant to any such other gas transporter licence held by the holder of this licence.
3. If applicable, where the licensee is a DN operator that operates more than one distribution network no such distribution network shall be operated in a manner that gives any cross-subsidy to, or receives any cross-subsidy from, any other such distribution network.

**Standard Special Condition A36: Restriction on Activity and Financial Ring Fencing**

1. Subject to paragraph 1A, and save as provided by paragraphs 3 and 4, the licensee shall not conduct any business or carry on any activity other than any business carried on by the licensee for a purpose within sub-paragraphs (a), (b), and (c) of the definition of “**permitted purpose**” in Standard Special Condition A3 (Definitions and Interpretation).
  - 1A. Nothing in this condition prevents the licensee from carrying out gas production if the licensee:
    - (a) conveys gas to less than 100,000 premises; and
    - (b) is not the NTS operator.
2. The licensee shall not without the prior written 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 business for a permitted purpose;
  - (b) shares or other investments in a body corporate which is a subsidiary of the licensee and incorporated by it solely for the purpose of raising finance for any purpose falling within sub-paragraphs (a), (b) or (c) of the definition of permitted purpose contained in Standard Special Condition A3 (Definitions and Interpretation) of this licence and any other licence held by the licensee in the same legal entity; or
  - (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 which complies with best corporate governance practice as required (or, in the absence of any such requirement, recommended) by the UK Listing Authority (or a successor body) from time to time for listed companies in the United Kingdom.
3. Subject to the provisions of paragraph 2, nothing in this condition shall 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 consistent with the provisions 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 in writing.
4. Nothing in this condition shall prevent the licensee or an affiliate or related undertaking of the licensee in which the licensee holds shares or other investments (a “**relevant associate**”) from conducting de minimis business as defined in this paragraph so long as the limitations specified in this paragraph are complied with:
- (a) For the purpose of this paragraph, “**de minimis business**” means any business or activity carried on by the licensee or a relevant associate or relevant associates other than:
    - (i) the business or activities falling within sub-paragraph (a), (b), or (c) of the definition of “permitted purpose” contained in Standard Special Condition A3 (Definitions and Interpretation);
    - (ii) any other business activity to which the Authority has given its consent in writing in accordance with paragraph 3(d); and
    - (iii) gas production.
  - (b) The licensee or a relevant associate may carry on de minimis business provided that neither of the following limitations is exceeded, namely:
    - (i) the aggregate turnover of all the de minimis business carried on by the licensee and the equity share of the aggregate turnover of all the de minimis business carried on by all its relevant associates does not in any period of twelve months commencing on 1 April of any year exceed 2.5 per cent of the aggregate turnover of the transportation business, the metering business and the meter reading business (excluding the turnover on transactions which each of those businesses make with each



- other) as shown by the most recent audited regulatory accounts of the licensee prepared under Standard Special Condition A30 (Regulatory Accounts); and
- (ii) the aggregate amount (determined in accordance with sub-paragraph (d) below) 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 after the date at which this condition takes effect in this licence exceed 2.5 per cent 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 prepared under Standard Special Condition A30 (Regulatory Accounts) then available. i
- (c) For the purpose of sub-paragraph (b) above, “**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 (without limiting the generality of the foregoing) any commitment to provide any such support or assistance in the future.
- (d) At any relevant time, the amount of an investment shall be the sum of:
- (i) 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 13 December 1999 (or, where the investment was not so included, zero);
  - (ii) 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
  - (iii) 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 (d)(i).

- 5 For the purposes of paragraph 4, “**equity share**”, in relation to any shareholding, means 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.
  
- 5A. For the purposes of this condition, “**gas production**” means the production of gas for the purpose of its conveyance through pipes to premises, or through a pipeline system operated by a gas transporter or a transmission system operator, including where a licence is held under section 3 of the Petroleum Act 1998 for that purpose but not where such a licence is held for a different purpose.

**Standard Special Condition A37: Availability of Resources**

1. The licensee shall at all times act in a manner calculated to secure that it has available to itself such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licences, consents, and facilities, on such terms and with all such rights, as shall ensure that it is at all times able:
  - (a) to properly and efficiently carry on the transportation business of the licensee; and
  - (b) to comply in all respects with its obligations under this licence and such obligations under the Act as apply to those activities authorised by this licence including, without limitation, its duty to develop and maintain an efficient, co-ordinated and economical system of gas transportation.

**Certificates for the Authority in relation to financial resources**

2. The licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee's board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:
  - (a) Certificate 1F

“After making enquiries and having taken into account in particular (but without limitation) any dividend or other 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 sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”

or

  - (b) Certificate 2F

“After making enquiries, and subject to what is explained below, having taken into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid

by the licensee, the licensee's directors have a reasonable expectation, subject to what is explained below, that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the licensee's ability to carry on the transportation business [followed by a description of the factors concerned].”

or

(c) Certificate 3F

“In the opinion of the licensee's directors, the licensee will not have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”

**Statement of factors and report by auditors in relation to financial resources certificate**

3. The licensee must ensure that the certificate given to the Authority under paragraph 2 is accompanied by:

(a) a statement of the main factors that the licensee's directors have taken into account in giving that certificate including reference to:

(i) the main financial resources and financial facilities available to the licensee;

(ii) the most recent cash flow statement prepared for the licensee;

and

(b) a report prepared by its auditors and addressed to the Authority which states whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it under subparagraph (a), and, on the other hand, any information that they obtained

during their audit work under Standard Special Condition A30 (Regulatory Accounts) on the licensee's regulatory accounts.

**Certificates for the Authority in relation to operational resources**

4. With effect from 1 August 2013, the licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee's board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:

(a) Certificate 1R

“After making enquiries the licensee's directors have a reasonable expectation that the licensee will have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents and facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”

or

(b) Certificate 2R

“After making enquiries, and subject to what is explained below, the licensee's directors have a reasonable expectation, subject to what is explained below, that the licensee will have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents and facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the licensee's ability to carry on the transportation business [followed by a description of the factors concerned].”

or

(c) Certificate 3R

“In the opinion of the licensee’s directors, the licensee will not have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents, and facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”

**Statement of factors in relation to operational resources certificate**

5. The licensee must ensure that the certificate given to the Authority under paragraph 4 is accompanied by a statement of the main factors that the licensee’s directors have taken into account in giving that certificate.

**Certificate for the Authority in relation to compliance with certain Standard Special Licence Conditions**

6. With effect from 1 August 2013, the licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee’s board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:

- (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 Special Condition A26 (Provision of Information to the Authority), Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources), Standard Condition 45 (Undertaking from Ultimate Controller), Standard Special Condition A38 (Credit Rating of the Licensee and resulting obligations) and Standard Special Condition A39 (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 Special Condition A26 (Provision of Information to the Authority), Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources), Standard Condition 45 (Undertaking from Ultimate Controller), Standard Special Condition A38 (Credit Rating of the Licensee and resulting obligations) and Standard Special Condition A39 (Indebtedness).”

### **Obligation to report any adverse circumstances**

7. The licensee must inform the Authority in writing immediately if:
  - (a) the directors of the licensee become aware of any circumstance that causes them no longer to have the reasonable expectations expressed in the most recent certificate given under paragraph 2(a), 2(b), 4(a) or 4(b); or
  - (b) the directors of the licensee consider that any adverse circumstances that caused them to give the Authority a certificate in the form of Certificate 3F under paragraph 2(c) or Certificate 3R under paragraph 4(c) have materially worsened.

### **Certificates for the Authority in relation to dividends**

8. Subject to paragraph 11, the directors of the licensee must not declare or recommend a dividend, and the licensee must not make any other form of distribution within the meaning of sections 829, 830, 849 and 850 of the Companies Act 2006, or redeem or repurchase any share capital of the licensee, unless before declaring, recommending, or making the distribution, redemption, or repurchase (as the case may be) the licensee has given the Authority a certificate that complies in all respects with the three requirements set out in paragraphs 9 and 10 below.
9. The first requirement is that the 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 of the obligations imposed on it by Standard Special Condition A26 (Provision of Information to the Authority), Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources), Standard Condition 45 (Undertaking from Ultimate Controller), Standard Special Condition A38 (Credit Rating of the Licensee and resulting obligations) and Standard Special Condition A39 (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 certificate, cause the licensee to be in breach to a material extent of any of those obligations in the future.”
- 10. The second and third requirements are that the certificate:
  - (a) must have been approved by a resolution of the licensee’s board of directors passed not more than 14 days before the date on which the declaration, recommendation, or payment is to be made; and
  - (b) must be signed by a director of the licensee.
- 11. The licensee need not give the Authority a certificate of the type referred to in paragraph 8 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 certificate in the form of Certificate 1C under the requirement set out in paragraph 6 of this condition; and
  - (b) that certificate includes an appropriate addendum using the form of the wording given at paragraph 9(b) of this condition.
- 12. Where the certificate given under paragraph 8, or relied upon under paragraph 11, 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 six months of the date on which the certificate was given.

**Requirement to maintain an intervention plan**



13. The licensee must prepare by 1 April 2014, or within 12 months of this condition coming into effect in respect of the licensee, whichever is the later, and thereafter, maintain an intervention plan fulfilling the criteria described in the definition of intervention plan in paragraph 15 below.
14. The requirement for the information described in any of sub-paragraphs (a) to (k) in the definition of intervention plan in paragraph 15 below to be included in the intervention plan will be satisfied if the 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.

### **Interpretation**

15. In this condition:

**“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; or
- (d) a common control company.

**“common control company”** means any company, any of whose ultimate controllers (applying the definition set out in Standard Special Condition A3 (Definitions and Interpretation) but substituting that company for the licensee) is also an ultimate controller of the licensee.

**“intervention plan”** means a document or set of documents (which may be in a suitably secure electronic format) containing information that would be sufficient to allow an energy administrator (within the meaning of Chapter 3 of Part 3 of the Energy Act 2004) 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 transportation 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 transportation assets (as that term is defined in Standard Special Condition A27 (Disposal of Assets and restrictions on charges over Receivables)) to an associate of the licensee;
- (i) any contractual rights to receive cash or other financial assets from any associate of the licensee;
- (j) any contractual obligations to deliver cash or other financial assets to any associate of the licensee; and
- (k) the licensee's arrangements and procedures for ensuring compliance with legislative requirements and with its obligations under this licence, including price control reporting requirements.

**“participating owner”** - For the purposes of the definition of associate above, a person is subject to a participating interest by another person (a participating owner) if:

- (a) that other person holds a participating interest in the person; or
- (b) the person is subject to a participating interest by a person who is himself subject to a participating interest by that other person.

**“participating interest”** has the meaning given in section 421A of the Financial Services and Markets Act 2000.

16. NOT USED.

## **Standard Special Condition A38: Credit Rating of the Licensee and related obligations**

### **Introduction**

1. The purpose of this condition is to place obligations on the licensee in respect of credit ratings, Published Rating Reports, Negative Rating Actions and Financial Resilience Reports.

### **PART A: Obligation to maintain an Investment Grade Issuer Credit Rating**

2. The licensee must use reasonable endeavours to maintain an Investment Grade Issuer Credit Rating at all times.

### **PART B: Obligation to provide Published Rating Reports**

3. Where a Negative Rating Action occurs in respect of the licensee or the licensee's credit rating is withdrawn, it must within a period of ten working days beginning with 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.

### **PART C: Obligation to provide Financial Resilience Reports**

4. The licensee must provide the Authority with a Financial Resilience Report within 60 days of 1 April 2021 or the date of a Negative Rating Action relating to the licensee (whichever is later), 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 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 at the lowest Investment Grade or lower, 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. the rating is lower than one notch above the minimum rating specified within the covenant requirement.

5. The Financial Resilience Report must include:
  - (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 Regulatory Years (including the remainder of the current year) or the remainder of the Price 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.
6. The financial projections required by paragraph 5(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.

**Standard Special Condition A39: Indebtedness**

1. In addition to the requirements of Standard Special Condition A27 (Disposal of Assets and restrictions on charges over Receivables), the licensee shall not without the prior written consent of the Authority (following the disclosure by the licensee of all material facts):
  - (a) create or continue 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:
    - (i) on an arm's length basis;
    - (ii) on normal commercial terms;
    - (iii) for a permitted purpose; and
    - (iv) (if the transaction is within the ambit of Standard Special Condition A27 (Disposal of Assets and restrictions on charges over Receivables)) in accordance with that condition;
  - (b) transfer, lease, license or lend any sum or sums, asset, right or benefit to any associate of the licensee otherwise than by way of:
    - (i) a dividend or other distribution out of distributable reserves;
    - (ii) repayment of capital;
    - (iii) payment properly due for any goods, services or assets provided on an arm's length basis and on normal commercial terms;
    - (iv) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and made in compliance with the payment condition referred to in paragraph 2;
    - (v) repayment of or payment of interest on a loan not prohibited by sub-paragraph (a);
    - (vi) payments for group corporation tax relief calculated on a basis not exceeding the value of the benefit received; or

(vii) an acquisition of shares or other investments in conformity with paragraph 2 of Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing) made on an arm's length basis and on normal commercial terms,

provided, however, that the provisions of paragraph 3 below shall prevail in any of the circumstances described or referred to therein;

(c) enter into an agreement or incur a commitment incorporating a cross-default obligation or continue or permit to remain in effect any agreement or commitment incorporating a cross-default obligation,

provided, however, that the provisions of sub-paragraph (c) shall not prevent the licensee from giving any guarantee permitted by and compliant with the requirements of sub-paragraph (a).

2. The payment condition referred to in paragraph 1(b)(iv) 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 counter-party to the transaction has and maintains until payment is made in full an Investment Grade Issuer Credit Rating; or
  - (b) the obligations of the counter-party 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 Issuer Credit Rating.
3. Except with the prior consent of the Authority, the licensee shall not enter into or complete any transaction of a type referred to or described in paragraph 1(b) save in accordance with paragraph 9, if any of the circumstances set out in paragraphs 4 to 8 applies.
4. The circumstance described by this paragraph is that the licensee does not hold an Investment Grade Issuer Credit Rating.
5. The circumstance described by this paragraph is that the licensee holds more than one Issuer Credit Rating and one or more of the ratings so held is not Investment Grade.

6. The circumstance described by this paragraph is that any Issuer Credit Rating held by the licensee is 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 Issuer Credit Rating), or is an equivalent rating from another agency that has been notified to the licensee by the Authority as of comparable standing for the purposes of Standard Special Condition A38 (Credit Rating of the Licensee and related obligations) and:
- (a) is on review for possible downgrade; or
  - (b) is on Credit Watch or Rating Watch with a negative designation;
- or, where neither (a) nor (b) applies:
- (c) the rating outlook of the licensee as specified by any credit rating agency referred to in this paragraph 6 which at the relevant time has assigned the lower or lowest Investment Grade Issuer Credit Rating held by the licensee has been changed from stable or positive to negative.
7. The circumstance described by this paragraph is that the licensee has:
- (a) given the Authority a certificate in the form of Certificate 3F under the requirement set out in paragraph 2 of Standard Special Condition A37 (Availability of Resources) and has not subsequently given the Authority a certificate in the form of Certificate 1F or Certificate 2F as set out in the same condition; or
  - (b) given the Authority a certificate in the form of Certificate 3R under the requirement set out in paragraph 4 of Standard Special Condition A37 (Availability of Resources) and:
    - (i) the opinion expressed in the certificate arises in whole or in part from circumstances affecting an associate of the licensee, 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 condition;

or



- (c) informed the Authority of any circumstance of the type set out in paragraph 7 of Standard Special Condition A37 (Availability of Resources) 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:
      - (aa) relate in whole or in part to circumstances affecting an associate of the licensee; and
      - (bb) 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.
8. The circumstance described by this paragraph is that the licensee has, after 1 April 2013, 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;
  - (b) the licensee has renegotiated the covenant or arrangement to the satisfaction of the counterparty concerned;
- and in either case (a) or (b) the remedy or renegotiation has been notified in writing to the Authority;
- or
- (c) in response to a written request from the licensee, either the Authority has confirmed in writing, before the breach occurs, that the breach in question shall not trigger the provisions of paragraphs 3 and 9, or the Authority has not provided a substantive response to such a written request within seven days of receiving it.

9. Where under the provisions of paragraph 3, the licensee is prohibited from entering into or completing any transaction of a type referred to or described in paragraph 1(b), the licensee may not without the prior written consent of the Authority (following disclosure of all material facts) transfer, lease, license or lend any sum or sums, asset, right or benefit to any associate of the licensee as described or referred to in paragraph 1(b), otherwise than by way of:
- (a) payment properly due for any goods, services or assets in relation to commitments entered into prior to the date on which the prohibiting circumstances arose, and which are provided on an arm's length basis and on normal commercial terms;
  - (b) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and where the value of the consideration due in respect of the transaction in question is payable wholly in cash and is paid in full when the transaction is entered into;
  - (c) repayment of, or payment of interest on, a loan not prohibited by paragraph 1(a) and which was contracted prior to the date on which the prohibiting circumstances arose, provided that such payment is not made earlier than the original due date for payment in accordance with its terms; and
  - (d) payments for group corporation tax relief 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.

10. In this condition:

**“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; or
- d) a common control company.

**“common control company”**

means any company, any of whose ultimate controllers (applying the definition set out in Standard Special Condition A3 (Definitions

and Interpretation) but substituting that company for the licensee) is also an ultimate controller of the licensee.

**“cross-default obligation”**

means 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 of arising, of increasing or of being accelerated by reason of a default (howsoever such default may be described or defined) by any person other than the licensee, unless:

- (i) that liability can arise only as the result of a default by a subsidiary of the licensee;
- (ii) the licensee holds a majority of the voting rights in that subsidiary and has the right to appoint or remove a majority of its board of directors; and
- (iii) that subsidiary carries on business only for a purpose within sub-paragraphs (a), (b), (c) or (d) of the definition of permitted purpose set out in Standard Special Condition A3 (Definitions and interpretation).

**“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.

**“participating owner”**

For the purposes of the definition of associate above, a person is subject to a participating interest by another person (a **“participating owner”**) if:

- a) that other person holds a participating interest in the person;  
or
- b) the person is subject to a participating interest by a person who is himself subject to a participating interest by that other person.

**“participating interest”**

has the meaning given in section 421A of the Financial Services and Markets Act 2000.

## **Standard Special Condition A40: Regulatory Instructions and Guidance (RIGs)**

### **Introduction**

1. This condition sets out the scope, contents, and common governance arrangements for the RIGs. The RIGs are the primary means by which the Authority directs the licensee to collect and provide the information to the Authority that the Authority needs to enable it to administer the special conditions of this licence and, where not referenced in the licence, the Final Determinations.
2. The Authority also uses this information in preparation of an Annual Report.

### **Part A: The RIGs**

3. Authority will issue and amend the RIGs by direction.
4. The Authority will maintain a current version of the RIGs on the Authority's Website.
5. Subject to paragraphs 6 and 7 of this condition, the RIGs will make provision for:
  - a) instructions and guidance on the establishment of systems, processes, procedures, and ways for recording and providing Specified Information;
  - b) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of Specified Information (including different classes of such information);
  - c) a timetable for the development of such systems, processes, and procedures as are required to achieve such standards;
  - d) the methodology for calculating or deriving numbers comprising Specified Information;
  - e) provision with respect to the meaning of words and phrases used in defining Specified Information;
  - f) requirements as to the form and manner in which, or the frequency with which, Specified Information must be recorded;
  - g) requirements as to the form and manner in which, or the frequency with which, Specified Information must be provided to the Authority;

- h) requirements as to which (if any) of the Specified Information is to be subject to audit, the terms on which an auditor is to be appointed by the licensee for that purpose, and the nature of the audit to be carried out by that person;
  - i) requirements as to the circumstances in which the Authority may appoint an Examiner to examine the recording of the Specified Information by the licensee;
  - j) a statement on whether and to what extent each category of the Specified Information is required for the purposes of the RIGs;
  - k) provision about how the Authority intends to monitor, assess, and enforce compliance with the RIGs; and
  - l) instructions and guidance on the standards of accuracy and reliability that are applicable to the commentary that supports the information provided by licensees under the RIGs (to enable the Authority to assess efficiency and delivery of value to consumers).
6. The provisions of the RIGs will not exceed what is reasonably required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions.
7. No Specified Information will exceed what could be requested from the licensee by the Authority under paragraph 1 of Standard Special Condition A26 (Provision of information to the Authority) excluding any reference to paragraph 5 of that condition.
8. Before issuing new RIGs or amending the RIGs the Authority will publish on the Authority's Website:
- (a) the proposed 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 new or amended RIGs which will not be less than 28 days.
9. The requirements of paragraph 8 of this condition may be satisfied by action taken by the Authority before, as well as by action taken after, 1 April 2021.

**Part B: Compliance with the RIGs**

10. The licensee must comply with the RIGs.
11. The licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to:
- Any (a) estimate, measure, and record Specified Information; and
  - (b) provide Specified Information to the Authority in accordance with the RIGs.
12. The accounting records and other records kept by the licensee with respect to the Specified Information must be:
- (a) separately identified and reasonably attributed as between the licensee's business and the business of any affiliate or related undertaking of the licensee; and
  - (b) maintained for a period of eight years, or such shorter period as set out in the RIGs, from the date that they are made.
13. 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.
14. 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 Regulatory Year meets the standards prescribed by the RIGs.
15. 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 C: Requirements for new or more detailed information**

16. This Part C applies if any new or amended RIGs have the effect of introducing a requirement to provide:

- (a) a new category of Specified Information; or
- (b) an existing category of Specified Information to a greater level of detail, which has not previously been collected by the licensee, whether under the provisions of the RIGs or otherwise.

17. Where this Part C applies, the licensee may provide estimates to the Authority in respect of the relevant category of Specified Information for any Regulatory Year specified by the Authority.

18. The estimates that are mentioned in paragraph 17 of this condition may be derived from such other information available to the licensee as may be appropriate for that purpose.

#### **Part D: Derogations**

19. The licensee may apply to the Authority for a derogation relieving the licensee of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

#### **Part E: Interpretation**

20. For the purposes of this condition:

Annual Report means a report of that name published by the Authority under this condition

Authority's Website means [www.ofgem.gov.uk](http://www.ofgem.gov.uk);



STANDARD SPECIAL CONDITIONS APPLICABLE TO BOTH NTS AND DN LICENSEES: PART A

Examiner	means, in relation to the RIGs, a person whose degree of knowledge and experience of the matters that are the subject of the RIGs will enable them to properly carry out and complete the tasks required of them under the terms of their nomination by the Authority pursuant to the provisions of the RIGs.
Final Determinations	means the document of that name published on the Authority's Website in relation to the RIIO-2 price control;
RIGs	means the Regulatory Instructions and Guidance published by the Authority under this condition;
Specified Information	means information (or a category of information) that is so described or required in the RIGs.

**Standard Special Condition A41: Emergency Services to or on Behalf of Another Gas Transporter**

1. If so directed by the Authority after consultation with the Health and Safety Executive, the licensee shall offer to enter into an agreement with such other person for the time being holding a licence granted under section 7 of the Act as a gas transporter or any applicant for such a licence, as may be specified in the direction, relating to the provision of emergency services to or on behalf of that person (including where necessary the repair of pipes) where a major loss of supply has occurred.
2. For the purposes of paragraph 1, the terms of such an offer shall be such as are reasonable in all the circumstances, but may at the discretion of the licensee include terms providing for the recovery of all costs reasonably related to such emergency service provision, a reasonable commercial profit and appropriate indemnities against third party claims.
3. Nothing in this condition shall require the licensee to employ more staff or to maintain any stock of spares or equipment more extensive than it would otherwise employ or maintain for the purposes of its transportation business.
4. Any dispute over the terms of any offer made pursuant to this condition may be referred to the Authority for determination at the request of the licensee or the person named in the direction referred to in paragraph 1.

**Standard Special Condition A42: Requirement for sufficiently independent directors**

1. Subject to paragraph 11, except and to the extent that the Authority consents otherwise, the licensee must ensure that at all times after a date which is the later of:
  - (a) 1 April 2014; and
  - (b) 12 months after this condition comes into effect in respect of the licensee, it has at least two non-executive directors who meet the criteria set out in paragraphs 2, 3, and 5 below. In this condition such directors are referred to as “sufficiently independent directors”.
2. A sufficiently independent director must:
  - (a) be a natural person;
  - (b) in the reasonable opinion of the licensee, have the skills, knowledge, experience, and personal qualities necessary to perform effectively as a non-executive director of the licensee; and
  - (c) not have any executive duties within the transportation business.
3. Except and to the extent that the Authority consents otherwise, and subject to paragraph 4, a sufficiently independent director must not be, and must not have been during the 12 months before his appointment as a director of the licensee or the coming into force of this condition (whichever is the later):
  - (a) an employee of the licensee; or
  - (b) a director or employee of any associate of the licensee.
4. The reference to ‘director’ in sub-paragraph 3(b) does not include appointment as a non-executive director of:
  - (a) an associate of the licensee that is the holder of a gas transporter licence or an electricity transmission licence or an electricity distribution licence;
  - (b) a wholly-owned subsidiary of the licensee that has been incorporated by it solely for the purpose of raising finance for a permitted purpose (as that term is defined in Standard Special Condition A3 (Definitions and Interpretation));  
or
  - (c) a qualifying group company.
5. A sufficiently independent director must not:

- (a) have, or have had during the 12 months before his appointment as a director or the coming into force of this condition (whichever is the later), any material business relationship with the licensee or any associate of the licensee;
  - (b) hold a remit to represent the interests of any particular shareholder or group of shareholders of the licensee or the interests of any associate of the licensee; or
  - (c) receive remuneration from the licensee or any associate of the licensee apart from a director's fee and reasonable expenses.
6. For the purposes of sub-paragraphs 5(a) and 5(c) respectively:
  - (a) the holding of a small number of shares or associated rights shall not, of itself, be considered a material business relationship; and
  - (b) the receipt or retention of any benefit accrued as a result of prior employment by or service with the licensee or any associate of the licensee shall not be considered to be remuneration.
7. The licensee must notify the Authority of the names of its sufficiently independent directors within 14 days of the later of the two dates referred to in paragraph 1 and must notify the Authority within 14 days where any new directors are appointed to fulfil the obligation in paragraph 1 of this condition.
8. 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 his term of office, having particular regard to the criteria set out in paragraphs 2, 3, and 5.
9. A term of appointment for a sufficiently independent director may not be for longer than eight years, but an individual may be reappointed thereafter provided that he continues to meet the criteria set out in paragraphs 2, 3, and 5.
10. The licensee must notify the Authority in writing within 14 days if any sufficiently independent director is removed from office or resigns, giving reasons for the removal or (to the extent that they 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.

11. If at any time the licensee has fewer than two sufficiently independent directors because of a removal or resignation or other reason (including death or incapacity), the licensee must use its reasonable endeavours to ensure that a new director is, or new directors are, appointed to fulfil the obligation in paragraph 1 as soon as is reasonably practicable to bring the number of sufficiently independent directors up to at least two.
12. Where the holder of this licence owns one or more relevant gas transporters, the licences for which are held in a single legal entity, references in this condition to “licensee” shall mean that single entity.

### **Interpretation**

13. In this condition:

“**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; or
- (d) a common control company.

“**common control company**” means any company, any of whose ultimate controllers (applying the definition set out in Standard Special Condition A3 (Definitions and Interpretation) but substituting that company for the licensee) is also an ultimate controller of the licensee.

“**participating owner**” - For the purposes of the definition of associate above, a person is subject to a participating interest by another person (a “**participating owner**”) if:

- (a) that other person holds a participating interest in the person; or
- (b) the person is subject to a participating interest by a person who is himself subject to a participating interest by that other person.

“**participating interest**” has the meaning given in section 421A of the Financial Services and Markets Act 2000.

“**qualifying group company**” means:

- (a) an immediate parent company of the licensee that holds 100% of the shares of the licensee and no other shares except for shares in one or

more wholly-owned subsidiaries, each of which is the holder of a gas transporter licence or an electricity transmission licence or an electricity distribution licence;

- (b) the parent company of a group whose other members may only include:
    - (i) a company meeting the criteria set out in sub-paragraph (a) or a subsidiary of such a company, of the type referred to in that sub-paragraph; and
    - (ii) intermediate holding companies between the parent company concerned and a company meeting the criteria set out in sub-paragraph (b)(i) provided that such intermediate holding companies:
      - (aa) have no shareholders other than the parent company concerned or another intermediate holding company; and
      - (bb) hold no shares other than shares in a company meeting the criteria set out in sub-paragraph (a) or shares in another intermediate holding company;
- and
- (c) intermediate holding companies meeting the criteria set out in sub-paragraph (b)(ii).

**Standard Special Condition A43: Not Used**

**Standard Special Condition A44: Not Used**



**Standard Special Condition A45: Assignment of Licence**

1. For the purposes of Section 8AA of the Act (Transfer of licences) the licensee, subject to the prior written consent of the Secretary of State, may only transfer its licence, either generally or in so far as relating to the whole or any part of an authorised area or any specified pipe-line system as defined in sub-section (1) of that section if –
  - (a) it complies with the procedure in section 8AA of the Act; and
  - (b) it obtains the prior written consent of the Secretary of State.

**Standard Special Condition A46: Not Used**

**Standard Special Condition A47: Charging of Gas Shippers – Domestic Infill Premises**

1. Where the licensee makes charges in accordance with Standard Special Condition A4 (Charging – General) the licensee may include a surcharge subject to the following conditions,
  - (a) from 1 January 2004 the maximum surcharge is 0.3412 pence per kWh of gas transported adjusted on 1 January of each subsequent year by a factor of  $\left(1 + \frac{RPI}{100}\right)$ . RPI means the value published in October of each year by the Authority and calculated as the percentage change (whether of a positive or a negative value) in the arithmetic average of the retail price index determined in respect of April to September (both inclusive) of the current calendar year and the arithmetic average of the retail price index determined with respect to April to September of the previous calendar year;
  - (b) the surcharge has a maximum duration of 20 years from when the surcharge to the relevant shipper first falls due;
  - (c) the surcharge may only apply to existing domestic premises which were in existence for not less than 6 months prior to the provision of the gas main extended specifically for connection of those premises, and which have not previously received a supply of natural gas;
  - (d) the licensee has, on request to provide a connection by the owner or occupier of the premises, extended a gas main to specifically connect the premises;
  - (e) the licensee must notify the Authority of the specified amount and specified duration as soon as reasonably practicable but in any event no later than 28 days prior to any such charge falling due; and
  - (f) the Authority may direct the licensee not to make the surcharge within 28 days of the notification in (e) above.

**Standard Special Condition A48: Last Resort Supply: Payment Claims**

1. This condition sets out the circumstances in which the licensee shall increase its transportation charges in order to pay any gas supplier (a “**claimant**”) or LRSP Permitted Assignee a last resort supply payment in accordance with the terms of a valid claim.
2. The following provisions apply where the licensee receives a valid claim for a last resort supply payment.
  2. Where the licensee receives a valid claim it shall, during the relevant year or other subsequent years (as specified in the valid claim), make a consequential increase to its transportation charges during that year which relate to the conveyance of gas to premises (and secondary sub-deduct premises to which gas is conveyed as contemplated by sub-deduct arrangements) to such an extent as it reasonably estimates to be appropriate to secure that such consequential increase in its revenue equals the specified amount for each year as set out in the valid claim.
  - 3A Where the licensee receives a valid claim that contains provision for the payment of the specified amount over a period longer than a year, the amount by which the licensee makes a consequential increase to its charges in each subsequent year pursuant to paragraph 3, shall be directed by the Authority no later than 31 December in the year prior to the start of the year in which the licensee will make a consequential increase in its charges or, where no direction is made, shall be the amount specified for the year in the valid claim.
  - 3B Where the licensee, in a current year, receives a valid claim, that contains provision for the licensee to adjust the payment of the specified amount for the remainder of that year, the amount by which the licensee shall make a consequential increase to its transportation charges for the remainder of that year pursuant to paragraph 3, shall be directed by the Authority no later than 31st July.
4. The licensee shall, during, or as soon as practicable after the end of, the relevant year

or other subsequent years (as specified in the valid claim), pay to the claimant or LRSP Permitted Assignee in accordance with the valid claim by quarterly or monthly instalments (as specified in the valid claim), the amount of that consequential increase in revenue mentioned in paragraph 3 and paragraph 3A where relevant to the extent that it does not exceed the specified amount for that year. Any payment of an amount to an LRSP Permitted Assignee shall discharge any requirement to pay that amount to the claimant.

5. Subject to paragraph 7A, if the amount paid under paragraph 4 is less than the specified amount for that year, the licensee shall in the following year –
  - (a) pay (in accordance with any directions given by the Authority) the shortfall together with 12 months' interest thereon; and
  - (b) increase the charges referred to in paragraph 3 during the year following the relevant year to such extent as it reasonably estimates to be appropriate to secure that the consequential increase in its revenue equals the amount of that shortfall together with 12 months' interest thereon.
6. If the amount of the consequential increase mentioned in paragraph 3 exceeds the specified amount for that year, the licensee shall, during the following year, decrease the charges referred to in paragraph 3 to the extent that it reasonably estimates to be necessary in order to reduce its transportation revenue for that year by an amount equal to the excess together with 12 months' interest thereon.
7. Any question whether any estimate for the purposes of paragraph 3, 5 or 6 is a reasonable one shall be determined by the Authority.
- 7A. Where the valid claim is to be subject to adjustment in accordance with paragraph 3A, the licensee shall notify the Authority of any difference between the specified amount for that year and the amount of the consequential increase made in respect of the same year in sufficient time for the Authority to take that difference (as it would have applied under paragraphs 5 or 6) into account in directing the specified amount to be paid by the licensee the following year pursuant to paragraph 3A. Paragraphs 5 and 6 will not

apply where the Authority has taken into account such difference in its annual direction under paragraph 3A.

8. The licensee shall not enter into any transportation arrangements which do not permit variation of its transportation charges in pursuance of this condition.
9. The provisions of this condition shall have effect notwithstanding that the licensee has not provided any notice required by paragraph 2 of Standard Special Condition A4 (Charging – General).
10. In calculating the licensee’s transportation revenue during any period for the purposes of a price control condition any increase or decrease in revenue attributable to the licensee’s compliance with this condition shall be treated as if it had not occurred.
11. The licensee shall prepare, in respect of each year in which it increases or decreases charges in pursuance of paragraph 3, 5 or 6, a statement showing –
  - (a) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 3;
  - (b) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 5;
  - (c) the aggregate amount of the decrease in its revenue resulting from decreases in charges in pursuance of paragraph 6, and
  - (d) in the case of each last resort supply payment, the aggregate payments to the claimant made in respect of the year in question (whenever those payments were made).
12. The licensee shall give the statements referred to in paragraph 11 to the Authority within the first 4 months of the year following that to which they relate.
13. On giving the statement mentioned in paragraph 11(d) to the Authority, the licensee shall publish it in such manner as, in the reasonable opinion of the licensee, will secure adequate publicity for it.

14. Where the licensee receives more than one claim for a last resort payment, this condition (other than sub-paragraphs 11(a), (b) and (c)) shall apply separately as respects each separate claim but in so far as it results in changes to the licensee's transportation charges it shall have the cumulative effect of such separate applications.

15. (a) For the purposes of this condition –  
“**last resort supply direction**” and “**last resort supply payment**” have the meaning given to them in standard condition 1 (Definitions for standard conditions) of the standard conditions of the gas suppliers licence;

“**LRSP Permitted Assignee**” means a person to whom a gas supplier has assigned or otherwise disposed of all or any of its rights in relation to or arising from a Last Resort Supply Payment with the Authority's consent.

“**price control condition**” means any condition of the licence which places a monetary limitation on the transportation charges which may be levied or the transportation revenue which may be recovered by the licensee during a given period;

“**relevant year**” means, in relation to any valid claim –

- (i) where the claim was received by the licensee by the 31st December the following year after the valid claim was received;  
or
- (ii) where the claim was received after the licensee by the 31st December the second year after the valid claim was received;

So, for example, if a valid claim was received before 31 December in year 1, the relevant year would be year 2. If a valid claim was received after 31 December in year 1, the relevant year would be year 3.

“**specified amount**” means the amount specified on a valid claim (or, where the context requires, the amount specified on a valid claim in respect of a particular year) together with any adjustment made by the Authority in accordance with

paragraph 3A for that year;

“**valid claim**” means a claim for which a claimant has been given a consent by the Authority pursuant to standard condition 9 (Claims for Last Resort Supply Payment) of the standard conditions of the gas suppliers licence; and

“**year**” means a period of 12 months beginning on 1<sup>st</sup> April.

- (b) The interest referred to in paragraph 5, sub-paragraph (a) and paragraph 6 is simple interest for the period commencing with the date on which the claim was received by the licensee and ending with the date which is 61 days before the start of the relevant year, except where that period is of 30 days or less, in which case no interest shall be payable.
16. For the avoidance of doubt, the arrangements for administering increases to transportation charges in order to compensate any gas supplier which claims for losses that it has incurred in complying with a last resort supply direction, under the provisions of this condition, shall be administered by the Central Data Service Provider (as defined in Standard Special Condition A15 (Central Data Services Provider), unless the Authority otherwise consents in writing.



**Standard Special Condition A49: Designated Registrar of Pipes**

[removed]

**Standard Special Condition A50: System Development Obligations**

1. Within 7 days of the licensee applying to the Authority under section 7(4) of the Act for an extension to its licence, the licensee shall make available details of the extension area applied for and shall send such details to –
  - (a) the Health and Safety Executive; and
  - (b) with effect from the date designated by the Authority under paragraph 1 of Standard Special Condition A51 (Information to be provided to a Designated Registrar of Pipes), the appropriate designated registrar of pipes.
  
2. The licensee shall not at any time execute any works for the construction of a high pressure pipe-line unless, not less than one year (or such shorter period as the Secretary of State may allow) before that time, it has given notice to the Health and Safety Executive:
  - (a) stating that it intends to execute the works;
  - (b) containing such particulars as are specified in, or as may from time to time be prescribed for the purposes of, section 22A (2) of the Act; and
  - (c) also containing, so far as they are not required by sub-paragraph (b) -
    - (i) the address of the licensee;
    - (ii) the address (if known) of the office from which the pipe-line, if constructed, would be operated;
    - (iii) particulars of both the normal and maximum permissible operating pressure of the proposed pipe-line; and
    - (iv) such particulars, if any, as may from time to time be designated for purposes of this paragraph in the routing guidelines, and has sent a copy of that notice to any planning authority through whose area the pipe-line is intended to run.
  
3. If after a notice under paragraph 2 has been given, the execution of the works to which the notice relates has not substantially begun at the expiration of three years from the

date on which it was given or at the expiration of any extension of that period given by the Secretary of State, the notice shall cease to have effect for the purposes of that paragraph except in relation to such works (if any) as have already been executed.

4. Where the proposed routing of the pipe-line is not in accordance with the routing guidelines –
  - (a) the licensee shall so notify the Health and Safety Executive;
  - (b) the licensee shall consult the Health and Safety Executive on the proposed routing; and
  - (c) if, within the period of 3 months beginning with the day on which the Health and Safety Executive was notified in pursuance of sub-paragraph (a) (or such longer period as may be agreed in writing between the licensee and the Executive), the Executive gives written notice to the licensee that it does not agree to the proposed routing (with or without modifications acceptable to the licensee), the licensee shall (unless it decides not to proceed with the proposed works) send to the Secretary of State a copy of the notice referred to in paragraph 2;
  - (d) if within the said period, the Health and Safety Executive -
    - (i) has agreed to the proposed routing (with or without modifications acceptable to the licensee); or
    - (ii) has not given the licensee such a notice as is referred to in subparagraph (c), the licensee may, subject to paragraphs 4 and 6, proceed with the proposed works.
5. Where a planning authority who have received a copy of the notice referred to in paragraph 2, within 2 months of receiving that copy, for reasons relating to safety (having regard to the routing guidelines and the risk criteria or, in the absence of such criteria, any advice given by the Health and Safety Executive) or otherwise, notify the

licensee in writing that the proposed pipe-line would be likely to prejudice implementation of a material aspect of the planning authority's development plan –

- (a) the licensee shall consult the planning authority on the licensee's proposals;
- (b) if, within the period of 3 months beginning with the day on which the planning authority notified the licensee as aforesaid (or such longer period as may be agreed in writing between the licensee and the planning authority), the planning authority gives written notice to the licensee that it does not agree to the licensee's proposals (with or without modifications acceptable to the licensee), the licensee shall (unless it decides not to proceed with the proposed works) send to the Secretary of State a copy of the notice referred to in paragraph 2;
- (c) if, within the said period, the planning authority -
  - (i) have agreed to the licensee's proposals (with or without modifications acceptable to it); or
  - (ii) have not given the licensee such a notice as is referred to in subparagraph (b), the licensee may, subject to paragraphs 4 and 6, proceed with the proposed works.

6. If, within 6 months beginning with the day on which he received a copy of the notice referred to in paragraph 2, in pursuance of paragraph 4(c) or 5(b), the Secretary of State (having regard, as respects matters relating to safety, to the risk criteria or, in the absence of such criteria, any criteria as to risk formulated by the licensee and any representations made by the Health and Safety Executive in relation to the proposal) gives a direction to the licensee –

- (a) that the licensee shall not proceed with the construction of the pipe-line; or
- (b) that, if the licensee wishes to proceed with the construction of the pipe-line, the licensee shall satisfy such requirements as are specified in the direction including, in particular requirements as respects the routing of the pipe-line, the licensee shall comply with the direction.

7. Where the connection of any premises to the licensee's pipe-line system would require the construction of a relevant main, any written quotation relating to that connection shall include a statement indicating that persons other than the licensee may be able to offer competitive quotations.
  
8. The licensee shall keep a record –
  - (a) of the individual premises and pipe-line systems -
    - (i) which are connected to the pipe-line system to which this licence relates; and
    - (ii) to which, during the relevant period, gas has been conveyed by means of that pipe-line system;
  
  - (b) of every gas shipper which has been a relevant shipper during the relevant period;
  
  - (c) in respect of each such premises as are referred to in sub-paragraph (a), of any information with which it has been furnished –
    - (i) as to the relevant supplier which has, from time to time during the relevant period, supplied gas to the premises in question;
  
    - (ii) if, from time to time during the relevant period, gas conveyed to the premises in question has been supplied thereto otherwise than by a gas supplier, as to the circumstances which made it unnecessary that the gas be supplied by a gas supplier; and
  
    - (iii) as to the ownership, from time to time during the relevant period, of any meter through which gas so conveyed was supplied; and
  
    - (iv) pursuant to standard condition 8 (Information as Respects Premises Served) of the standard conditions of gas shippers' licences or, where the licensed shipper is not only the relevant shipper but also the relevant

supplier of the particular premises in question, standard condition 17 (Mandatory exchange of information) of the standard conditions of gas suppliers' licences as to whether the premises in question are domestic or non- domestic premises;

- (d) as to the contents of any notice given to the licensee during the relevant period under sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act, and as to any information so given under sub-paragraph (3) of that paragraph or of any such notice or information which was given to a gas supplier and of which the licensee was informed during the relevant period;
- (e) as to any information with which the licensee has been provided, during the relevant period, in pursuance of arrangements made by a relevant supplier for the purposes of paragraph 7 of standard condition 26 (Services for specific Domestic Customer groups) of the standard conditions of gas suppliers' licences as incorporated in that supplier's licence;
- (f) as to any information given, or facts notified, to the licensee, during the relevant period, by a relevant shipper in pursuance of paragraph 3 or paragraph 4(k) of standard condition 11 (Supply and Return of, and Information etc Relating to, Gas Meters) of the standard conditions of gas shippers' licences as incorporated in that shipper's licence; and
- (g) as to the date of the most recent inspection of a gas meter in pursuance of standard condition 12 (Matters relating to Gas Meters) of the standard conditions of gas suppliers' licences as incorporated in a relevant supplier's licence of which the licensee has been notified during the relevant period.

9. In paragraph 8 "**the relevant period**" means –

- (a) the preceding 5 years, or
- (b) if the licence has been in force for less than 5 years, the period since it came into force, or

- (c) in the case of all or such of the sub-paragraphs of paragraph 8 as are specified in the consent, such shorter period to which the Authority may have consented.
- 10. Subject to the Authority, after having consulted the licensee, having directed for the purposes of this condition that this paragraph should have effect, either in all cases or in such cases as are specified or described in the directions and subject to such limitations (if any) as are so specified, where the licensee becomes aware-
  - (a) that a gas shipper has become the relevant shipper: or
  - (b) that a gas supplier has become the relevant supplier, in relation to particular premises,  
it shall inform that gas shipper or, where subparagraph (b) applies, the relevant shipper, whether or not it has information recorded in pursuance of sub-paragraphs 8(c)(iv) and 8(e) which relates to the premises in question.
- 11. Where a gas supplier (“**the last resort supplier**”) has been given a direction under standard condition 8 (Obligations under Last Resort Supply Direction) of the standard conditions of gas suppliers’ licences as incorporated in that supplier’s licence to supply gas to customers of another supplier, then, if the Authority has given the licensee directions in that behalf, it shall promptly provide the last resort supplier with such information recorded by the licensee in pursuance of paragraph 8 as may be specified or described in the directions.
- 12. [Omitted]
- 13. For the purpose of paragraph 8(a) -
  - (a) where gas conveyed by the licensee to primary sub-deduct premises is conveyed from those premises to any secondary sub-deduct premises, the secondary sub-deduct premises shall be deemed to be connected to the pipeline system operated by the licensee, and

- (b) where gas has, during the relevant period, been so conveyed to the secondary subdeduct premises, it shall be deemed to have been so conveyed by means of that pipe-line system.

14. In this condition –

the “**risk criteria**” means the risk based criteria, if any, which have -

- (a) been formulated and adopted by the Health and Safety Executive after consultation with the persons who hold licences under section 7(2) of the Act at the time of such adoption; and
- (b) been designated for the purposes of this condition generally by the Secretary of State, or any revision of such criteria so formulated and adopted and so designated; and

the “**routing guidelines**” means the guidelines designated as such by the Secretary of State after consultation with the Health and Safety Executive and the persons who hold licences under section 7(2) of the Act at the time of such designation or any revision of such guidelines so designated.

15. Without prejudice to paragraph 4 of Standard Special Condition A3 (Definitions and Interpretation), paragraphs 2 to 6 of this condition shall be interpreted and construed as if section 22A(3) and (4) of the Act applied to them.



**Standard Special Condition A51: Information to be Provided to a Designated Registrar of Pipes**

[Removed]

**Standard Special Condition A52: Not Used**

**Standard Special Condition A53: Not Used**

**Standard Special Condition A54: Not Used**

## **Standard Special Condition A55. Data Assurance Requirements**

### **Introduction**

1. This condition sets out the processes and activities the licensee must undertake to reduce the risk, and subsequent impact and consequences, of any inaccurate or incomplete reporting, or any misreporting, of information to the Authority.
2. It outlines the process the Authority will follow in issuing and amending the Data Assurance Guidance.

### **Part A: Licensee's obligations under this condition**

3. The licensee must:
  - (a) comply with the provisions of the Data Assurance Guidance;
  - (b) subject to paragraph 4, where required to provide Data under the provisions of this licence, provide Data which complies with the requirements set out in the Data Assurance Guidance;
  - (c) subject to paragraph 4, where required to provide Data under the provisions of this licence, provide accurate and complete Data;
  - (d) 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 to mitigate such risks as it has identified in that assessment;
  - (e) 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
  - (f) 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 conducted under subparagraph (c);

- (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 the independent review procured by the licensee of its Data Assurance Activities.
4. Data provided to the level of accuracy and reliability required under the relevant licence condition will be considered to be accurate and complete for the purposes of this condition.
  5. The licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to perform its obligations under paragraph 3.
  6. The licensee must comply with any direction given by the Authority that requires it to carry out (or, where appropriate, to procure and facilitate the carrying out of) a specific Data Assurance Activity in accordance with the provisions of Part C.

**Part B: Data Assurance Guidance**

7. The Authority will issue and amend the Data Assurance Guidance by direction.
8. The Authority will publish the Data Assurance Guidance on the Authority's Website.
9. The Data Assurance Guidance will include, or make provision for, any of the following matters:
  - (a) the Data to which the Risk Assessment applies;
  - (b) the format (including its form, layout, scope and content) 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 (including its form, layout, scope and content) of any independent review that may be required of the licensee's Data Assurance Activities and the associated reporting requirements;
- (e) the format (including its form, layout, scope and content) of the reporting requirements detailed in paragraph 3(e);
- (f) the frequency with which and the timescales within which the licensee should report on its Data Assurance Activities to the Authority; and
- (g) the time period(s) to which required reports must relate.

10. The provisions of the Data Assurance Guidance will not exceed what is required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions relative to the impact on consumers of data reporting errors.

11. Information requested by the Authority under or pursuant to the requirements of the Data Assurance Guidance will not exceed what could be requested from the licensee by the Authority pursuant to Standard Special Condition A26 (Provision of information to the Authority).

12. Before issuing or amending the Data Assurance Guidance by direction the Authority will publish on the Authority's Website:

- (a) the proposed 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 new or amended Data Assurance Guidance, which will not be less than 28 days.

**Part C: Licensee's obligation to carry out a Data Assurance Activity**

13. 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.

14. The requirements for the Before issuing a direction under paragraph 12 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) contain a period during which representations may be made on the proposed directions which will not be less than 28 days.

15. The direction will set out:

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

#### **Part D: Derogations**

16. The licensee may apply to the Authority for a derogation relieving the licensee of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

#### **Part G: Interpretation**

17. For the purposes of this condition:

<b>Data</b>	means the relevant submissions to the Authority under this licence in respect of which the licensee must carry out a Risk Assessment, as specified in the Data Assurance Guidance;
<b>Data Assurance Activity</b>	means, in respect of Data, the activity undertaken by the licensee (or a person nominated by the Authority, as the case may be) to address the risks identified in the Risk Assessment; and
<b>Risk Assessment</b>	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.

## **Standard Special Condition A56: Housekeeping licence modifications**

### **Introduction**

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

### **Part A: Assessment of proposed modification**

2. Before initiating any modification under this condition, the Authority will assess whether that modification is a Housekeeping Modification.
3. In making the assessment required by paragraph 2, the Authority will have regard to all relevant factors including the views of the Housekeeping Modification Working Group.

### **Part B: Circumstances in which a modification may be made**

4. If, having carried out the required assessment under Part A, the Authority considers that an intended modification of the conditions of this licence is a Housekeeping Modification, it may modify the licence by direction to implement the intended modification. Otherwise any modification will be made under section 23 of the Act.
5. Before making a direction under paragraph 4, 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.
6. A direction under paragraph 4 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.



## **Standard Special Condition A57. Exit Capacity Planning**

### **Introduction**

1. The purpose of this condition is to require the licensee to have in place processes and to undertake activities for the purpose of managing its NTS exit capacity planning and ensuring its booking process is efficient, for all the parties involved, to a reasonable and proportionate extent.

### **Part A: Licensee's obligations under this condition**

2. The licensee must comply with the provisions of the ECP Guidance when planning and managing its NTS exit capacity booking process.
3. The licensee must have in place and maintain appropriate systems, processes and procedures to enable it to comply with the provisions of the ECP Guidance.

### **Part B: ECP Guidance**

4. The Authority will issue and amend the ECP Guidance by direction.
5. The Authority will publish the ECP Guidance on the Authority's Website.
6. The ECP Guidance will make provision about:
  - (a) the methodology, but not specific methods, used for forecasting and planning exit capacity requirements;
  - (b) the ways in which the licensee engages with other stakeholders as part of the exit capacity planning process;
  - (c) the reporting that must be produced by the licensee in relation to any aspect of the exit capacity planning process.
7. Before directing that the ECP Guidance comes into effect the Authority will publish on the Authority's Website:
  - (a) the text of the proposed ECP Guidance;
  - (b) the date on which the Authority intends the ECP Guidance to come into effect;and

- (c) a period during which representations may be made on the content of the ECP Guidance, which will not be less than 28 days.
8. Before directing an amendment to the ECP Guidance, the Authority will publish on the Authority's Website:
- (a) the text of the amended ECP Guidance;
  - (b) the date the Authority intends the amended ECP Guidance to come into effect;
  - (c) the reasons for the amendments to the ECP Guidance; and
  - (d) a period during which representations may be made on the amendments to the ECP Guidance, which will not be less than 28 days.

**Part C: Derogations**

9. The licensee may apply to the Authority for a derogation relieving the licensee of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction.