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



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;

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	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;
"Electricity System Operator	means a licence granted or treated as
<u>Licence"</u>	granted under section 6(1)(da) of the Electricity Act 1989;
"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 Resillience report"	means the report prepared by the licensee pursuant to Part C of Standard

in so far as he is supplied or requires to

Special Condition A38: Credit Rating

of the Licensee and related obligations.

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;

"Gas System Planner Licence"

means a licence granted or treated as granted under section 7AA of the Gas Act 1986;

"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). "IP completion day"

"ISOP"

"Issuer Credit Rating"

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

means the person for the time being designated as the Independent System

Operator and Planner under section 162

of the Energy Act 2023 who holds an

Electricity System Operator Licence
and Gas System Planner Licence;

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 agenciesas referred to in sub-paragraphs(a), (b), (c) or (d); or

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 condition1 (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.
- 5. 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 (and, where appropriate, arrangements with the ISOP) 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;
 - (i)(ii) a representative of the ISOP; and
 - (ii)(iii) 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 the persons under paragraphs 6(d)(i) and 6(d)(iii) 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 selfgovernance 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, the ISOP, 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) the ISOP;
- (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
- (vi) 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, the ISOP 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) (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) the ISOP;

- (viv) 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
- (vi) 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).

- 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) the ISOP;
 - (eedd) any relevant shipper identified in the network code modification procedures as being entitled to propose a modification,
 - (ddee) 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
 - (ff) 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 $10(a)(v_{\underline{i}})$, 10(ab) or $11(a)(v_{\underline{i}})$.
- 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 subparagraph (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 $10(a)(v\underline{i})$, 10(ab) or $11(a)(v\underline{i})$, 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 subparagraph 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 subparagraph 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 selfgovernance criteria and the panel has submitted to the Authority in respect of the modification proposal and not withdrawn a selfgovernance 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:
 - 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.

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:

"combined pipe-line system"

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

"directions"

(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, 7AA, 7AB or 7AC 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 conjunctionwith 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 accordance in 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 twentyeight (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 andDN operator(s), the chargingmethodologies regulated by;
 - (aa) Standard Special ConditionA4 (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 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 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

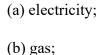
 Licensees intend to pursue in order to address the challenges referred to in
 paragraph 6(a) of this condition, with particular regard to how future

 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:



- (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 Strategyfor

Energy Security and Net Zero, Innovate UK

and their successor bodies and holders of a gas transporter licence that are not National

Grid-Gas Transmission 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 or the ISOP.

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 <u>Transmission</u> 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 Transmission 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 Transmission plc and the RIIO Gas Distribution Licensees.

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 Transmission plc and Special

SIF

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