

GT licence analysis – transmission and distribution split

Licence condition	Transmission	Distribution	Consents needed	Statements / codes which require Ofgem approval	Issues / questions to be resolved
ASC 1 – Definitions and interpretation		Definition of LNG storage not needed			Will require additions, deletions and redefinition
SC 2 – Application of Section C (Transportation Services Obligation)	X	X			
SC 3 – Payments by the Licensee to the Authority	X	X			Check Ofgem Determination – basis of allocation to GTs
SECTION B - GENERAL					
ASC 4 – Charging Gas				Transmission – will	

Shippers - General	X	X Condition works but : <ul style="list-style-type: none"> • Services sold by auction is not needed in DN licence • References to LNG storage (Para 6) not needed in DN licence • Charging methodology decision needed (await policy decision) • NB - Price control separation licence conditions vary this condition (to incorporate the ability for each DN to charge differentially) 		require a new revised "Transportation Services Charging Statement" and Methodology (para 1) DNs – will require own "Transportation Services Charging Statement" and Methodology (para 1)	
ASC 4A – Obligations as Regards Charging Methodology	X	X Exclude paras 11 and			Tidy up – remove references in para 6(b)

		12 – LNG storage will sit in the transmission licence only			(supplemental connection charges). This was removed following the iGT consultation but the redundant references remain.
SC 4B – Connection Charges etc	Some version of this be required in transmission ? para 11 - 17 What about Langage	X		Statements needed for each DN	Covered by statute – is it desirable to have licence condition also ?
SC 4C	Redundant	DN condition – but being deleted under iGT relative price control condition (see above).			
ASC 4D – Conduct of Transportation Business	Replace this with new licence condition requiring T not to unduly discriminate against DNs in its operation of the Offtake Code.	Replace ? A modified C 41 could cover this			

	<p>Suggest tailor it – otherwise there will be duplication.</p> <p>(Await policy decision on the separation between NTS and DNs issue)</p> <p>Amend current definition of transportation business to make suitable for the transmission licence</p>				
ASC 4E – Requirement to enter into Transportation Arrangements in Conformity with Network Code	<p>X</p> <p>Keep under review re policy decision on industry model – ASC 9 will drive this. (This currently works with individual NCs and UNC)</p>	<p>X</p> <p>Keep under review re policy decision on industry model – ASC 9 will drive this. (This currently works with individual NCs and UNC)</p>			
SC 5 – System Development Obligations	<p>X</p> <p>Para 8 (c)(iv) – (g) are DN only Paras 11, 12 , 13 are DN only (all DN consumer</p>	<p>X</p> <p>Para 8 (c)(iv) – (g) are DN only Paras 11, 12 , 13 are DN only (all DN consumer</p>			

	related)	related)			
SC 5A – Information to be provided to the Designated Registrar of Pipes	Not needed – “mains” only ever exist at a DN level	X			
ASC 6 – Emergency Services and Enquiry Service Obligations	<p>X</p> <p>Para 1 – 7 Amend to reflect that Transco’s obligation is confined to call receipt.</p> <p>Also – revisit . At present this would be Transco plc (under GSMR)</p> <p>Para 8 and 9, 13 – DN only</p> <p>Paras 14 – 16 both</p> <p>Paras 17 - end (National emergencies) NTS will direct the DNs, DNs will be required to respond</p>	<p>X</p> <p>Para 1 – 7 Amend to reflect that Transco’s obligation is confined to call receipt.</p> <p>Also – revisit . At present this would be Transco plc (under GSMR)</p>		Paras 17 and 18 (consumer lists) – each DN will require one.	
SC 7 - Provision of	X	X		Need reasonable	

Information Relating to Gas Illegally Taken	Para 1 – T Para 3 – stripped down version for T	Majority is DN only Para 2 – D only Para 3 – D		endeavours statement (para 8) for each DN – and co-ordination	
SC 8 – Provision and Return of Meters		Purely DN – it is domestic. NB needs further thought regarding GT requirement to own meters			
ASC 9 – Network Code	X Obligation in respect of appointment of OCM will remain in transmission	X			Needs comprehensive revision. 1 Creation of and compliance with Network Code. Possibilities : (i) Licence condition requires compliance with UNC or (ii) Licence condition preserves the individual obligation but requires licensee to meet “relevant objectives”

					<p>(which are satisfied if Licensee operates to UNC). In this case also need obligation to run each system in an “efficient and co-ordinated manner” with respect to other systems connected to the NTS and the NTS</p> <p>2 Maintenance and Governance of Network Codes and UNC</p> <p>Need rules for individual and UNC codes</p> <p>3 Creation of UNC – need one time condition requiring development of and Authority approval of UNC</p> <p>[Need to consider also the purpose of UNC and relevant objectives of</p>
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					UNC]
SC 16 – Pipe-Line Security Standards	<p>X</p> <p>Assume all GTs will design to the 1 in 20 standard.</p> <p>Require T to design to 1 in 20 in respect of the NTS AND In respect of DNs connected to it</p> <p>Query : Exit regime : Does the 1 in 20 standard still apply to all firm loads i.e. does the reference to interruption and stored gas remain ?</p> <p>Need a total system definition to plan to before we can disaggregate this.</p>	<p>X</p> <p>DNs will be required to design to the 1 in 20 standard. Will need to take account of input capacities and peak output requirements.</p>			
SC 17 - Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically	No	DN only			

Sick: Arrangements in Respect of Meters					
SC 18 – Provision of services for persons who are blind or deaf	No	DN only		Approved code of practice required	
SC 19 – Arrangements in respect of powers of entry	X (in theory only – does this happen on NTD ?)	DN only		Statement of arrangements for DNs needed	
SC 19A – Authorisation of Officers	No (theory only)	DN only			
SC 19B – Exercise of Powers of Entry	No (theory only)	DN only			
ASC 20 – Standards of Performance	X (theory only)	X			
ASC 21 – Complaint Handling Procedure	X (theory only)	X			
SC 22 – Preparation, review of and compliance with statements and codes	X	X			

SC 23 Record of and Report on Performance	X	X			
ASC 24 – Provision of information to the Authority	X	X			New definition required under para 9 to exclude LNG Storage and Metering
ASC 25 – Long Term Development Statement	X NTS will produce	X DNs will have an obligation to provide appropriate information to Transmission to enable T to discharge its licence obligation			Should 10 year statement be a transmission only statement ?
SC 27 – Adjustment of amounts by reference to the retail Price Index	X	X			
SC 28 – Termination of shipping arrangements	X	X			
ASC 29 – Disposal of Assets	X	X Para 2A – which relates to SIUs - only needed in Scotland DN licence			Consent required : Ofgem to grant consent on hivedown, no requirement for

					Ofgem to consent to sale of shares
ASC 30 – Regulatory Accounts	X	X			Definition changes will be needed to apply it to Transco and iDN licences
SC 30 – Change of Financial Year	X	X			
ASC 31 – Supply Point Information Service	X – Query does it include T	X			
SECTION C TRANSPORTATION SERVICES OBLIGATIONS	X Switch on for both	X Switch on for both			
ASC 32 – Interpretation of Section C	X	X			Revised definitions will be required for T and D
SC 33 – Designated Registrar of Pipes	X	X			Suggest “shall jointly procure”

SC 38 – Availability of Data Formats	X	X			Obligation to jointly procure ?
ASC 39 – restriction on Use of Certain Information and Independence of the Transportation Business	X				Cross ref : new Non-discrimination obligation for Transmission
SC 40 – Appointment of Compliance Officer	X				
SC 41 – Prohibition of Cross Subsidies	X	X			
ASC 45 – Undertaking from Ultimate Controller	X	X			
ASC 47 - Indebtedness	X	X			
SC 48 – Last Resort Supply : Payment Claims	X	X			Seems to relate to DNs only. Should NTS connected sites bear a proportion

					<p>of these costs ?</p> <p>Could have a scheme for DNs to administer / share this obligation if it arose</p>
Special Condition 1 – Interpretation and construction	X	X			<p>No definition of Relevant Date (1 March 1996)</p> <p>Lose “Scheme of Arrangement” definition for (non-Transco DNs) This – relates only to Transco.</p> <p>“Permitted purpose” – amend as relevant to reflect T and D distinction</p>
SpC 2 – Restriction on Activity and Financial Ring-Fencing (Standard 43)	X	X			<p>New definition of “Transco Business” required</p> <p>Delete para 3A</p>
SpC 3 – Availability of	X	X			Change definition

Resources (Standard 44)					of “transportation business”
SpC 4 - Investment Grade Credit Rating as Issuer of Corporate Debt (Standard 46)	X	X			Revise in line with iDN licence ?
SpC 5 – Cross-default obligations	X	X			Need to remove Transco-specific references
SpC 9D – Restriction on prices for LNG Storage	X	No			
SpC 17 – Operational Guidelines for Balancing	X				Consider losing / revising – now covered by SpC 27
SpC 18 - Conveyance to Independent Systems		X Confine to Scotland, Wales and Northern DNs only			
SpC 19 – Emergencies services on behalf of		X			Also need licence condition requiring

another Gas Transporter		Transmission will not do.			co-ordination of Emergency Services in the event of a large loss of supply incident
SpC 23 – Provision of Metering and Meter Reading Services		X			Clarify – is this both T and D ? Needs overall review
SpC 25A Assignment of licence	X	X			
SpC 26 – Prohibited procurement activities	X	Not relevant – unless DNs start selling capacity rights in an unusual way			
SpC 27 - Licensee's procurement and use of system management services	X	Not relevant			
Special Condition 28A – Revenue Restrictions definitions	X	X			For split, some changes will occur. Some definitions will be irrelevant

					for DNs
Special Condition 28B – Restriction of Revenue in respect of the NTS transportation owner activity, LDZ transportation activity and NTS system operation activity	X	X			TO and SO go to T licence, LDZ references go to DN licences
SpC 29 – Allocations of revenues and costs for calculations under the price control	X	X			Needs re-definition to apply to DNs and T as appropriate
Special Condition 30 – Supplementary provisions of the revenue restrictions					Needs re-definition to apply to DNs and T as appropriate
Special Condition 31- Restriction of prices in respect of tariff capped metering activities		X			
SpC 32 – Non-discrimination in the provision of metering activities		X			

SpC 33 – Information to be provided to the Authority in connection with the transportation system revenue restriction	X	X			Split as relevant
SpC 34 – Licensee's methodology for determining incremental entry capacity volumes	X				
Special Condition 35 – NTS Performance reporting	X				
SpC 36 – LDZ incentive scheme and performance reporting		X			
Special Condition 37 – Exit code Statement	X	X			Need to split
SpC 38 – Restriction on use of information deriving from the EnMo business					Delete

Schedule A	X				
Schedule 1 – Specified area	X	X			Overlapping areas are possible
Schedule 2 – Revocation of licence	X	X			
Schedule 3 – Transportation Services area	X	X			Each DN to have a tsa defined by reference to its licence area
NEW LICENCE CONDITIONS					
DNs to refrain from any action which would or would be likely to prejudice the safe and efficient operation and planning of the NTS		X			For example as in Shipper condition 3
NTS to refrain from undue discrimination and undue preference against any DN	X				Will include Offtake Agreement

Shrinkage Contract				Consent required under SpC 26	
Requirement for DN's to provide first line emergency response to NTS		X			
Treatment of revenue for services provided by DNs to NTS				May require consents	