



# Licence arrangements

- Overview
- Proposed licence structure
- Standard Conditions
- Special Conditions
- Way forward

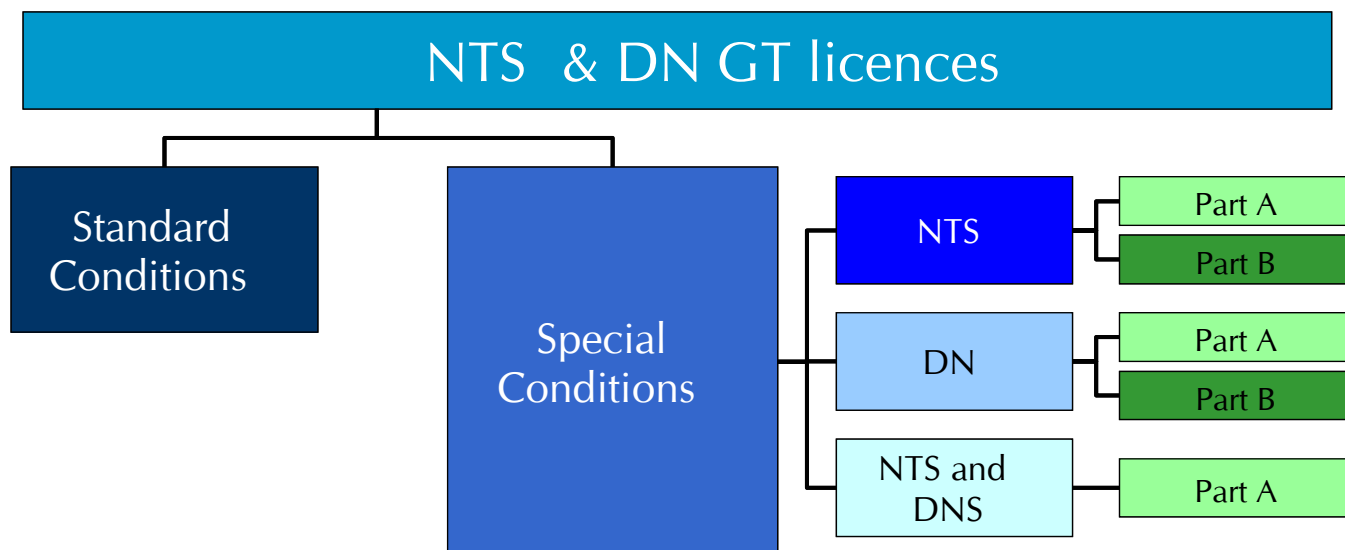
# Overview

- Part of Ofgem's informal consultation and caveats at front of chapter 5 of the consultation apply
- Like to achieve
  - Review of all existing Transco Standard and Special licence conditions;
  - Consideration of the allocation of each licence condition;
  - Identify any further issues that need to be considered; and
  - List of licence conditions that DISG would like to keep under review
- Responses to informal consultation by 29 September 2004

## ■ Overview

- Proposed licence structure
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- Special Conditions
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# Proposed licence structure



**Part A** (Standard Special Conditions). Subject to private CLM and/or individual consent

**Part B** (Special Conditions). Only changed with individual consent.

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# Amended Standard Condition 1- definitions and interpretation

Description	Explains key terms employed in the licence unless definitions exist elsewhere in the licence.
Issues	Needs to be constantly checked to ensure all definitions are correct in licence.
Location	Revert to Standard Condition 1. Apply to all NTS and DN-GT licensees. Additional definitions in Specials if required.

# Standard Condition 2 – Application of Section C

Description	Establishes the circumstances under which Section C has effect and the process through which it is possible to switch the condition on or off.
Issues	None identified.
Location	Remain as Standard Condition. Apply to all GT licensees.



# Standard Condition 3 – Payments by the Licensee to the Authority

Description	Sets out obligation to pay the Authority.
Issues	None identified.
Location	Remain as Standard Condition. Apply to all GT licensees.

# Amended Standard Condition 4 – Charging Gas Shippers - General

Description	Sets out the requirement on the licensee to produce charging statements and methodology.
Issues	<ul style="list-style-type: none"> <li>■ Introduction of reasonable endeavours obligation on the frequency of changes.</li> <li>■ Co-ordination of changes in charging statements by the Joint Office (JO)</li> <li>■ Treatment of LNG</li> </ul>
Location	Standard Special Condition Potentially Special Conditions for LNG

## Amended Standard Condition 4A – Obligations as Regards Charging Methodology

Description	<ul style="list-style-type: none"> <li>Describes the objectives of a charging methodology</li> <li>Sets out the process to be followed for the modification of the charging methodology.</li> </ul>
Issues	<ul style="list-style-type: none"> <li>Reasonable endeavours obligation re frequency and date of changes</li> <li>Co-ordination by the JO</li> <li>New obligation to keep charging methodologies under review</li> <li>LNG</li> <li>Retain references to auction arrangements</li> </ul>
Location	Standard Special Condition Potentially Special Conditions for LNG

## Standard condition 4B - Connection charges etc

Description	<ul style="list-style-type: none"> <li>■ Grants the right to charge for connections.</li> <li>■ Requirements for the provision and publication of information for methods and principles</li> <li>■ Requires no undue preference or discrimination</li> <li>■ Maintain a register of its pipes</li> </ul>
Issues	None identified
Location	Remain as a Standard Condition Apply to all GT licensees

## Amended Standard Condition 4C – Charging of Gas Shippers – Supplemental Connection Charges

Description	<ul style="list-style-type: none"> <li>■ Enables the licensee to include a supplementary charge in certain prescribed circumstances</li> <li>■ Condition is expressly time limited (31/12/03)</li> </ul>
Issues	<ul style="list-style-type: none"> <li>■ Condition has expired</li> </ul>
Location	Switch off the licence condition, but retain in NTS and DN GT licences

## Standard Condition 4D – Conduct of Transportation Business

Description	<ul style="list-style-type: none"> <li>▪ Obliges licensee to conduct its transportation business to ensure no unfair commercial advantage including taking advantage of a discriminatory arrangement</li> <li>▪ Definition of transportation business includes LNG, metering services and meter reading services</li> </ul>
Issues	<ul style="list-style-type: none"> <li>▪ Treatment of LNG</li> <li>▪ Treatment of metering and meter reading services</li> <li>▪ Competition issues for buyers</li> </ul>
Location	<p>Standard Special Condition</p> <p>Potentially Special Conditions for LNG</p>

## Amended Standard Condition 4E – Requirement to Enter into Transportation Arrangements in Conformity with the Network Code

Description	<ul style="list-style-type: none"> <li>Requires the licensee to enter into transportation arrangements that conform with the network code</li> <li>Authority may exclude LNG from the condition</li> </ul>
Issues	<ul style="list-style-type: none"> <li>Needs to be substantially re-drafted to reflect new commercial arrangements</li> <li>Treatment of LNG needs to be considered</li> </ul>
Location	<p>Standard Special Conditions</p> <p>Potentially Special Condition for offtake code (NTS)</p> <p>Potentially Special Conditions for LNG</p>

# Standard Condition 5 – System Development Obligations

Description	<ul style="list-style-type: none"> <li>■ Sets out requirements on licensee applying for an extension of its licence to give notice to HSE and (if required) the Designated Registrar of Pipes</li> <li>■ Governs procedure that licensee must adhere to in carrying out any construction works for high pressure pipeline</li> <li>■ Includes obligation to keep records etc</li> </ul>
Issues	None identified
Location	Remain as Standard Condition 5



# Standard Condition 5A – Information to be provided to the Designated Registrar of Pipes

Description	Describes information that the licensee is obliged to provide to the Designated Registrar of Pipes
Issues	<ul style="list-style-type: none"> <li>Currently no Designated Registrar of Pipes</li> <li>Condition may become operative</li> </ul>
Location	Remain as Standard Condition

## Amended Standard Condition 6 – Emergency Services and Enquiry Service Obligations

Description	<ul style="list-style-type: none"> <li>■ Sets out obligations with respect to emergency services including: the telephone service, domestic supplies and minor repairs, and requirements on personnel</li> <li>■ Further provisions including maintaining priority customers list</li> </ul>
Issues	<ul style="list-style-type: none"> <li>■ 0800 number obligation sits with Transco plc</li> <li>■ Potentially broadening condition?</li> </ul>
Location	Standard Special Condition

## Standard Condition 7 – Provision of Information Relating to Gas Illegally Taken

Description	<ul style="list-style-type: none"> <li>Allows for the investigation and recovery of the value of gas illegally taken as well as the amendment of shipper charges and payment allowances to account for the costs</li> <li>Required to restore safety of meters or installations at the request</li> </ul>
Issues	None identified
Location	Remain as Standard Condition

# Amended Standard Condition 8 - Provision and Return of Meters

Description	Places a requirement to comply with any reasonable request from a supplier and install at domestic premises a gas meter owned by Transco which is of a type specified by the supplier
Issues	In meeting this obligation the GT will be required to contract with Transco metering services or an alternative meter services provider.
Location	Standard Special Condition

## Amended Standard Condition 9 – Network Code

Description	<ul style="list-style-type: none"> <li>▪ Obliges the licensee to establish a network code calculated to facilitate the achievement of one of a number of specified code objectives</li> <li>▪ Where system balancing is conducted by an independent party, the licensee is required to endeavour to appoint an appropriate person</li> <li>▪ Sets out the provisions for the modification to the network code</li> </ul>
Issues	<ul style="list-style-type: none"> <li>▪ Will need to be substantially reviewed to support conclusions of DISG</li> <li>▪ New relevant objective?</li> <li>▪ Consent to modify?</li> <li>▪ Offtakes?</li> </ul>
Location	<ul style="list-style-type: none"> <li>▪ Standard Special Condition</li> <li>▪ Treatment of LNG?</li> </ul>

# Standard Condition 13 – Change co-ordination for the Utilities Act 2000

Description	Requires the licensee to take all reasonable measures to secure and implement, and not delay or prevent changes to specified industry framework documents necessary and expedient to UA 2000
Issues	Condition is now time expired
Location	Switch off licence condition

# Amended Standard Condition 14 – The Supply Point Administration Agreement

Description	Requires the licensee to be a party and comply with the relevant provisions of the SPAA
Issues	None identified
Location	Retain as a Standard Condition

# Standard Condition 16 – Pipeline Security Standards

Description	Requires that the pipeline system is planned and developed to meet the 1 in 20 obligation
Issues	Application to the NTS and DN GTs
Location	Remain as a Standard Condition



## Amended Standard Condition 17 – Provision of services for persons who are of pensionable age or disabled or chronically sick: arrangements with respect to meters

Description	The licensee must comply with any request received from a supplier in relation to the repositioning of meters that it owns for priority customers. The relevant supplier pays the licensee's reasonable expenses
Issues	<ul style="list-style-type: none"> <li>Application to the NTS?</li> </ul>
Location	Standard Special Condition

# Standard Condition 18 – Provision of services for persons who are blind or deaf

Description	<ul style="list-style-type: none"> <li>■ Governs the code of practice for special services in respect to these domestic customers</li> <li>■ Requires a code of conduct to be in place by 1/11/01</li> </ul>
Issues	<ul style="list-style-type: none"> <li>■ Application to the NTS</li> <li>■ Requirement to have code in place by 1/11/01</li> </ul>
Location	Standard Special Condition

# Standard Condition 19 – Arrangement in respect of powers of entry

Description	<ul style="list-style-type: none"> <li>Requires the licensee to prepare and submit a statement to the Authority regarding its arrangements in respect of steps to be taken under SC19A</li> <li>Best endeavours obligation to conduct itself in conformity with the arrangements</li> </ul>
Issues	<ul style="list-style-type: none"> <li>Treatment of NTS</li> <li>Changes needed for cross referencing</li> </ul>
Location	Standard Special Condition

# Standard Condition 19A – Authorisation of officers

Description	<ul style="list-style-type: none"> <li>Describes requirements for officers to be appropriately qualified, identifiable and to ensure that their equipment/identification is not misused</li> <li>Obligation to keep relevant shippers informed</li> </ul>
Issues	<ul style="list-style-type: none"> <li>Treatment of NTS</li> <li>Cross references?</li> </ul>
Location	Standard Special Condition – change from the consultation document

# Standard Condition 19B – Exercise of Powers of Entry

Description	Requires licensee to use reasonable endeavours to avoid undue disturbance to owners or occupiers as a result of exercise of powers of entry
Issues	<ul style="list-style-type: none"> <li>■ Treatment of NTS</li> <li>■ Cross references</li> </ul>
Location	Standard Special Condition – change from the consultation document

# Amended Standard Condition 20 – Standards of Performance

Description	Describes the conditions of payment of compensation to consumers
Issues	Application to the NTS and DN GTs
Location	Remain as a Standard Condition

# Standard Condition 21 - Complaint Handling Procedure

Description	Requires the licensee to put in place a code of practice detailing the procedure for handling domestic customer complaints, by 1/11/01
Issues	<ul style="list-style-type: none"> <li>Apply to NTS and DN-GT licences</li> <li>Replace redundant date, with variable date wording</li> </ul>
Location	Standard Special Condition

## Standard Condition 22 - Preparation, Review of and Compliance with Statements and Codes

Description	<ul style="list-style-type: none"> <li>Describes procedures for preparation, review of and compliance with Statements and Codes</li> <li>Licensee also required to submit a statement of changes, and make customers aware of these</li> </ul>
Issues	<ul style="list-style-type: none"> <li>Cross references to Standard Condition 18 and 21</li> </ul>
Location	Standard Special Condition



# Standard Condition 23 - Record of and Report on Performance

Description	Requires a record of performance relating to operation of Standard Conditions 18 to 22 and the provision of services to domestic customers
Issues	<ul style="list-style-type: none"> <li>■ Cross references to Standard Condition 18 and 22</li> </ul>
Location	Standard Special Condition

# Amended Standard Condition 24 – The Provision of Information to the Authority

Description	<p>Requires the licensee to provide information and reports required by the Authority</p> <p>Licensee also required to obtain enforceable undertakings from ultimate controllers ensure the provision of this information</p>
Issues	Amended to reflect NTS-GT and DN-GT licensees' businesses
Location	<p>Standard Special Condition</p> <p>Potentially Special Conditions for LNG</p>

# Amended Standard Condition 25 - Long Term Development Statement

Description	Obliges the licensee to produce, and update annually, a 10-year statement of the forecast use and development of the high pressure system
Issues	<ul style="list-style-type: none"> <li>Separate statements to be produced for each DN network</li> </ul>
Location	Standard Special Condition

# Standard Condition 27 - Adjustments of Amounts by Reference to the Retail Price Index

Description	This condition defines the appropriate adjustment mechanism using the retail price index (RPI)
Issues	No issues
Location	Remain as a Standard Condition

# Standard Condition 28 - Termination of Shipping Arrangements

Description	Conditionally prohibits the disconnection of customers following termination or expiry of arrangements for the conveyance of gas
Issues	No issues
Location	Remain as Standard Condition

# Amended Standard Condition 29 – Disposal of Assets

Description	Requires the licensee to obtain the consent of the Authority to the disposal (or change in control) of transportation or storage assets
Issues	<ul style="list-style-type: none"> <li>Current level of regulatory control to be maintained</li> <li>Electricity conditions an appropriate precedent (i.e use of service companies)</li> </ul>
Location	Standard Special Condition Potentially Special Conditions for LNG

# Amended Standard Condition 30 – Regulatory Accounts

Description	Describes obligations concerning production of regulatory accounts, including frequency, form, content and scope
Issues	<ul style="list-style-type: none"> <li>Required for each individual DN</li> <li>Apply to NTS and DN-GT licences</li> </ul>
Location	Standard Special Condition Potentially Special Conditions for LNG

# Standard Condition 30A – Change of Financial Year

Description	Outlines the process that needs to be followed should licensees wish to change financial years, with respect to statutory accounts (including providing notice to the Authority)
Issues	No issues
Location	Remain as Standard Condition



# Amended Standard Condition 31– Supply Point Administration Services

Description	<ul style="list-style-type: none"> <li>■ Definition of data required to be held by the licensee for supply points</li> <li>■ Obligation to establish, operate and maintain an appropriate information service for this data and make data available to certain parties</li> </ul>
Issues	Apply to NTS and DN-GT licensees
Location	Standard Special Condition

# Amended Standard Condition 32– Interpretation of Section C

Description	Defines ‘permitted purpose’ activities which the licensee is authorised to pursue in the conduct of its business
Issues	<ul style="list-style-type: none"> <li>■ Retain current version for Transco’s NTS and RDNs</li> <li>■ Not retained for other DNs, for whom amendments should be made separately from DN Sales process</li> <li>■ LNG Storage</li> </ul>
Location	Standard Special Condition Potentially Special Conditions for LNG

# Standard Condition 33 - Designated Registrar of Pipes

Description	<ul style="list-style-type: none"> <li>■ Defines the role of the Designated Registrar of Pipes</li> <li>■ States that the Authority may require the licensee to undertake this role</li> </ul>
Issues	<p>No proposed changes</p> <p>Should this become operative?</p>
Location	Remain as a Standard Condition

# Standard Condition 38 - Availability of Data Formats

Description	Requires licensees to make standard file formats (and associated data definitions) available free of charge to shippers and GTs
Issues	New arrangements proposed under UNC Modification required to accommodate new commercial regime
Location	Standard Special Condition

## Amended Standard Condition 39 - Restriction on Use of Certain Information and the Independence of the Transportation Business

Description	<ul style="list-style-type: none"> <li>Prevents the flow of information between the transportation business, the trading business and (from July 2004) meter-related businesses</li> <li>Describes specific restrictions on operation of these businesses to ensure compliance</li> </ul>
Issues	<p>Include in NTS and DN-GT licences</p> <p>Additional requirements needed for structural separation of Transco's NTS and RDNs</p>
Location	<p>Standard Special Condition</p> <p>Potentially new Special Conditions for separation</p> <p>Potentially Special Conditions for LNG</p>

# Standard Condition 40 - Appointment of Compliance Officer

Description	<ul style="list-style-type: none"> <li>Required to employ a competent officer to facilitate compliance with Standard Condition 39</li> <li>Defines a number of tasks this officer should fulfil</li> </ul>
Issues	<ul style="list-style-type: none"> <li>Retain in NTS and DN-GT licences</li> <li>Consistency with Amended Standard Conditions 39 and 30</li> </ul>
Location	<p>Standard Special Condition</p> <p>Potentially Special Conditions for LNG</p>

# Standard Condition 41 - Prohibition of Cross Subsidies

Description	Prohibits any cross subsidy between the transportation business and any other business of the licensee (or affiliates)
Issues	<ul style="list-style-type: none"> <li>■ No DN/DN legal separation required; reliant on this licence condition</li> <li>■ No modifications required</li> </ul>
Location	Remain as Standard Condition

# Amended Standard Condition 45 - Undertaking from Ultimate Controller

Description	<ul style="list-style-type: none"> <li>Requires the licensee to obtain undertakings from their ultimate controllers that they will not act in any way that will force the licensee to breach either licence conditions, or the Gas Act</li> <li>Evidence required of these undertakings</li> </ul>
Issues	Revert to standard form in all NTS and DN-GT licences
Location	Revert to Standard Condition



# Amended Standard Condition 47 - Indebtedness

Description	<ul style="list-style-type: none"> <li>Prevents the licensee from incurring inappropriate indebtedness or giving any form of security or guarantee (unless arm's length)</li> <li>Consent of the Authority required for transfers of assets / rights, subject to some defined exceptions</li> </ul>
Issues	<p>Revert to standard form in all NTS and DN-GT licences</p> <p>No need for Special Condition 5</p>
Location	Revert to Standard Condition

# Amended Standard Condition 48 - Last Resort: Payment Claims

Description	Outlines when the licensee is required to raise charges to compensate gas suppliers that claim for losses incurred due to a last resort supply direction
Issues	No issues
Location	Remain as a Standard Condition

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# Special Condition 1 - Interpretation and Construction

Description	Describes some of the rules for the interpretation and construction of the Special Conditions
Issues	<ul style="list-style-type: none"> <li>■ New condition for NTS and DN-GT licensees</li> <li>■ Follow restructuring of the licence and the commercial regime as a whole</li> </ul>
Location	Standard Special Condition

## Special Condition 2 - Restriction on Activity and Financial Ring-Fencing

Description	<ul style="list-style-type: none"> <li>■ This prohibits the licensee from undertaking any business other than business types specifically defined in the condition</li> <li>■ Similar restrictions on shareholdings and investments in other businesses</li> <li>■ Reasonable endeavours obligation</li> </ul>
Issues	<ul style="list-style-type: none"> <li>■ Replace by Standard Condition 43 in Transco's GT licence</li> <li>■ Supplement with other Special Conditions</li> <li>■ Change definition of "investment" to take account of income received from investment</li> </ul>
Location	Remove this condition, reinstate Standard Condition 43, and define other Special Conditions as required

# Special Condition 3 - Availability of Resources

Description	<ul style="list-style-type: none"> <li>■ Obligation to have sufficient resources to carry out properly and efficiently its Transportation / LNG Storage Business and comply with all obligations</li> <li>■ Certificate of adequacy required</li> <li>■ Best endeavours for this to be audited</li> </ul>
Issues	<p>Apply to all NTS and DN- GTs</p> <p>Electricity D and T licences a precedent</p>
Location	Standard Special Condition

# Special Condition 4 - Investment Grade Credit Rating as Issuer of Corporate Debt

Description	Obliges the licensee to use all reasonable endeavours to maintain an investment grade credit rating
Issues	<ul style="list-style-type: none"> <li>■ Replace with Standard Condition 46</li> <li>■ Standard Special Condition introduced, referring to other rating agencies?</li> </ul>
Location	Standard Condition Possibly Standard Special Condition

# Special Condition 5 - Cross-Default Obligations

Description	<ul style="list-style-type: none"> <li>Prohibits the licensee from entering into or continuing with any cross-default obligations without the prior consent of the Authority</li> <li>Defines a number of prohibited activities</li> </ul>
Issues	<ul style="list-style-type: none"> <li>Cross-default obligations prohibited under Standard Condition 47</li> <li>Exceptions no longer appropriate</li> </ul>
Location	<p>Revert to Standard Condition 47</p> <p>Remove this Special Condition</p>



# Special Condition 9D - Restriction of Prices for LNG Storage Services

Description	<p>Describes the charges which the licensee may apply for the supply of LNG storage services for 1999, 2000 and subsequent formula years</p> <p>Contains a disapplication procedure</p>
Issues	<ul style="list-style-type: none"> <li>Should LNG be just in NTS licence or also DN licence?</li> </ul>
Location	<p>Dependant on the above issue</p>

# Special Condition 17 - Operational Guidelines for Balancing

Description	<ul style="list-style-type: none"> <li>Operational guidelines required describing the balancing measures that the licensee expects to take</li> <li>Outlines obligations for publication and modification of these guidelines and reports to the Authority</li> </ul>
Issues	Superseded by existing Special Condition 27
Location	Deleted, therefore N/A

# Special Condition 18 - Conveyance to Independent Systems

Description	Requires the average charge for conveyance of gas to independent systems to be no more than the average charges for all conveyance to premises in Great Britain supplied with that type of gas at a similar rate
Issues	Open letter published on 6 August Separate modification process
Location	Special Condition (for the present)

# Special Condition 19 - Emergency Services to or on Behalf of Another Gas Transporter

Description	<ul style="list-style-type: none"> <li>Authority can direct the licensee to offer terms to enter into an agreement with other gas transporters for the provision of emergency services where a major loss of supply has occurred</li> <li>Such agreement must be on reasonable terms</li> </ul>
Issues	Apply to all NTS and DN-GTs
Location	Standard Special Condition

# Special Condition 23 - Provision of Meter and Meter Reading Services

Description	<ul style="list-style-type: none"> <li>Requires Transco to provide the terms on which it shall provide metering services direct to the relevant supplier</li> <li>Describes the required format and content of these terms (including date provided, and charges), and requires Transco to provide statements describing these terms</li> </ul>
Issues	Should apply to NTS and DN-GT licensees
Location	Standard Special Condition

# Special Condition 25A - Assignment of Licence

Description	Requires that the licensee may only transfer its licence if it complies with the procedure in section 8AA of the Gas Act and obtains the prior written consent of the Secretary of State
Issues	Should apply to NTS and DN-GT licensees
Location	Standard Special Condition

# Special Condition 26 - Prohibited procurement activities

Description	Requires that the licensee shall not enter into agreements for transportation commodities (or related derivatives) with the intent of selling such assets to third parties without the consent of the Authority
Issues	Must be consistent with the active DN approach NTS to retain responsibility for residual energy balancing
Location	Special Condition placed in NTS-GT licence Standard Special Condition placed in NTS and DN-GT licences

# Special Condition 27 - Licensee's procurement and use of system management services

Description	<ul style="list-style-type: none"> <li>Requires the licensee to operate the NTS in an efficient, economic and co-ordinated manner</li> <li>Prohibits undue discrimination</li> <li>Obliges the licensee to produce various reports and statements for the Authority</li> </ul>
Issues	<p>Should be split in a manner consistent with Special Condition 26</p> <p>Obligation not to prejudice other systems?</p>
Location	<p>Special Condition placed in the NTS-GT licence</p> <p>Standard Special Condition is placed on DN-GT licences</p>



# Special Condition 28A - Revenue restriction definitions

Description	Defines a number of terms in the revenue restrictions
Issues	<ul style="list-style-type: none"> <li>Should be amended and split into Special Conditions relevant for each DN licence and the NTS licence</li> <li>Should set out the definitions relevant for each DN licence and the NTS licence</li> </ul>
Location	Split this condition into Special Conditions for NTS and DN-GT licensees

## Special Condition 28B - Restriction of revenue in respect of the NTS Transportation Owner Activity, Distribution Owner Activity and NTS System Operation Activity

Description	<ul style="list-style-type: none"> <li>Defines the price controls and incentives applicable to Transco</li> <li>Not LNG and metering activities (which are subject to separate price controls)</li> </ul>
Issues	<ul style="list-style-type: none"> <li>Should be amended and split into Special Conditions relevant for each DN licence and the NTS licence</li> <li>Amend to reflect changes to the price control treatment of shrinkage arrangements</li> </ul>
Location	Special Conditions for NTS and DN-GT licensees

# Special Condition 29 - Allocation of revenues and costs for calculation under price control

Description	Defines licensee's obligations relating to the calculation of values referred to in Special Condition 28B
Issues	Should be amended and split into Special Conditions relevant for each DN licence and the NTS licence
Location	Special Conditions for NTS and DN-GT licensees

# Special Condition 30 - Supplementary provisions of the revenue restrictions

Description	<ul style="list-style-type: none"> <li>■ Defines the activities that can be treated as excluded services and defines charges or proportions of charges which can be treated as excluded services</li> <li>■ Subject to amendment by the Authority</li> </ul>
Issues	Should be split into Special Conditions relevant for each DN licence and the NTS licence
Location	Special Conditions for NTS and DN-GT licensees

# Special Condition 31 - Restriction of prices in respect of tariff capped metering activities

Description	<ul style="list-style-type: none"> <li>■ Defines tariff caps for metering activities which can be increased in line with the Retail Price Index, with a claw back for 2005</li> <li>■ Defines the maximum indexed tariff cap values for the charges for different metering activities</li> </ul>
Issues	<ul style="list-style-type: none"> <li>■ Apply to all NTS and DN-GT licences</li> <li>■ Apportionment of the tariff cap</li> </ul>
Location	Standard Special Condition

# Special Condition 32 - Non-discrimination in the provision of metering activities

Description	<ul style="list-style-type: none"> <li>Requires no undue discrimination in provision of metering activities</li> <li>In setting charges licensees should not restrict / distort / prevent competition in the supply or conveyance of gas</li> </ul>
Issues	Applies to all NTS and DN-GT licences
Location	Standard Special Condition

## Special Condition 33 - Information to be provided to the Authority in connection with the transportation system revenue restriction

Description	<ul style="list-style-type: none"> <li>Requires the provision of statements to the Authority incorporating the information (defined in specified tables)</li> <li>Defines the format, content and frequency of provision for information and the reporting deadline for its provision</li> </ul>
Issues	Should be split into Special Conditions relevant for each DN licence and the NTS licence
Location	Special Condition

## Special Condition 34 - Licensee's methodology for determining incremental entry capacity volumes

Description	<ul style="list-style-type: none"> <li>Requires licensees to submit an incremental entry capacity release methodology statement</li> <li>Should be audited, be delivered by 1 July in each formula year and be in a form approved by the Authority</li> </ul>
Issues	Only concerns the NTS
Location	Maintain as Special Condition



# Special Condition 35 - NTS performance reporting

Description	<ul style="list-style-type: none"> <li>Requires information to be collected to monitor the environmental performance of the NTS (including provision of related systems and procedures)</li> <li>Facilitate development of an expenditure monitoring framework</li> </ul>
Issues	Only concerns the NTS
Location	Maintain as Special Condition

# Special Condition 36 - LDZ incentive scheme and performance reporting

Description	Defines the incentive and performance measures applicable to Transco's LDZ network
Issues	Maintain this condition as a Special Condition contained in DN licences
Location	Special Condition

# Special Condition 37 - Exit code statement

Description	<ul style="list-style-type: none"> <li>Requires an exit code statement to be provided (by 30 June in each formula year)</li> <li>Defines the information that should be included in this statement, including details of any revenue received or charges made</li> </ul>
Issues	Introduction of the UNC/Offtake Code will require modifications
Location	Maintain as a Special Condition for each licensee

## Special Condition 38 - Restriction on Use of Information deriving from the EnMo Business

Description	<ul style="list-style-type: none"> <li>■ Defines restrictions on the use of information deriving from the EnMo Business</li> <li>■ Requires a legally enforceable undertaking from the ultimate holding company to be procured relating to these restrictions</li> </ul>
Issues	No longer relevant
Location	Deleted, therefore N/A

# Special Condition 39 - Charging of Gas Shippers – Domestic Infill Premises

Description	<ul style="list-style-type: none"> <li>■ Defines a maximum surcharge of 0.3412 p / kWh of gas transported on 1 January 2004, indexed by RPI thereafter (relating to Amended Standard Condition 4)</li> <li>■ Defines additional aspects of these charges</li> </ul>
Issues	NTS-GT licensee will continue to have permission under the Gas Act to supply all premises
Location	Apply to both NTS and DN-GT Licences as a Standard Special Condition

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# Way forward

- This week: Examine new licence conditions in detail
- 29 September: Closing date for this consultation
- Early November: Issuing of notice under section 23 of the Gas Act to formally modify each of Transco's GT licences (with 28 days consultation)
- Mid November: The Authority will meet to decide whether (or not) to consent to proposed disposal of DN assets

# Treatment of Standard Conditions 1 - 16

No.	Condition	Designated Standard Condition	Standard Special Condition	Special Condition	Switch off / remove condition
<b>Section A - Interpretation, Application and Payments</b>					
ASC 1	Definitions and interpretation	✓	✓	✓	
SC 2	Application of Section C (Transportation Services Obligation)	✓			
SC 3	Payments by the licensee to the Authority	✓			
<b>Section B - General</b>					
ASC4	Charging Gas Shippers - General		✓		
ASC 4A	Obligations as Regards Charging Methodology		✓		
SC 4B	Connection Charges etc.	✓			
SC 4C	Charging of Gas Shippers - supplemental connection charges				✓
SC 4D	Conduct of Transportation Business		✓		
ASC 4E	Requirement to enter into Transportation Arrangements in Conformity with Network Code		✓	✓	
SC 5	System Development Obligations	✓			
SC 5A	Information to be provided to the Designated Registrar of Pipes	✓			
ASC 6	Emergency Services and Enquiry Services Obligations		✓		
SC 7	Provision of Information Relating to Gas Illegally Taken	✓			
ASC 8	Provision and Return of Meters		✓		
ASC 9	Network Code		✓		
SC 13	Change Coordination for the Utilities Act 2000				✓
ASC 14	Supply Point Administration Agreement	✓			
SC 16	Pipe-Line System Security Standards	✓			



# Treatment of Standard Conditions 17 - 31

No.	Condition	Designated Standard Condition	Standard Special Condition	Special Condition	Switch off / remove condition
SC 17	Provision of Services for Persons who are of Pensionable Age of Disabled or Chronically Sick: Arrangements in Respect of Meters		✓		
SC 18	Provision of Services for Persons who are Blind or Deaf		✓		
SC 19	Arrangements in Respect of Powers of Entry		✓		
SC 19A	Authorisation of Officers	✓			
SC 19B	Exercise of Powers of Entry	✓			
ASC 20	Standards of Performance	✓			
SC 21	Complaint Handling Procedure		✓		
SC 22	Preparation, Review of and Compliance with Statements and Codes		✓		
SC 23	Record of and Report on Performance		✓		
ASC 24	Provision of Information to the Authority	✓		✓	
ASC 25	Long Term Development Statement		✓		
SC 27	Adjustment of Amounts by Reference to the Retail Price Index	✓			
SC 28	Termination of Shipping Arrangements	✓			
ASC 29	Disposal of Assets		✓		
ASC 30	Regulatory Accounts		✓	✓	
SC 30A	Change of Financial Year	✓			
ASC 31	Supply Point Administration Service		✓		

# Treatment of Standard Conditions 32 - 48

No.	Condition	Designated Standard Condition	Standard Special Condition	Special Condition	Switch off / remove condition
<b>Section C - Transportation Services Obligations</b>					
ASC 32	Interpretation of Section C		✓	✓	
SC 33	Designated Registrar of Pipes	✓			
SC 38	Availability of Data Formats		✓		
ASC 39	Restriction on Use of Certain Information and Independence of Transportation Business		✓	✓	
SC 40	Appointment of Compliance Officer		✓		
SC 41	Prohibition of Cross Subsidies	✓			
ASC 45	Undertaking from Ultimate Controller	✓			
ASC 47	Indebtedness	✓			
ASC 48	Last Resort Supply: Payment Claims	✓			

# Treatment of Special Conditions 1 - 27

No.	Condition	Designated Standard Condition	Standard Special Condition	Special Condition	Switch off / remove condition
SpC 1	Interpretation and Construction		✓	✓	
SpC 2	Restriction on Activity and Financial Ring-Fencing	Reinstate to SC 43			
SpC 3	Availability of Resources		✓		
SpC 4	Investment Grade Credit Rating as Issuer of Corporate Debt	Reinstate to SC 46			
SpC 5	Cross-Default Obligations	Replace by SC 47			
SpC 9D	Restriction of Prices for LNG Storage Services		✓	✓	
SpC 17	Operational Guidelines for Balancing				✓
SpC 18	Conveyance to Independent Systems	?			
SpC 19	Emergency Services to or on Behalf of Another Gas Transporter		✓		
SpC 23	Provision of Meter and Meter Reading Services		✓		
SpC 25A	Assignment of Licence		✓		
SpC 26	Prohibited Procurement Activities		✓	✓	
SpC 27	Licensee's Procurement and Use of System Management Services		✓	✓	

# Treatment of Special Conditions 28 - 39

No.	Condition	Designated Standard Condition	Standard Special Condition	Special Condition	Switch off / remove condition
SpC 28A	Revenue Restriction Definitions Restriction of Revenue in Respect of the NTS Transportation Owner Activity, Distribution Owner Activity and NTS System Operation			✓	
SpC 28B	Activity			✓	
SpC 29	Allocation of Revenues and Costs for Calculation Under Price Control			✓	
SpC 30	Supplementary Provisions of the Revenue Restrictions			✓	
SpC 31	Restriction of Prices in respect of Tariff Capped Metering Activities		✓		
SpC 32	Non-Discrimination in the Provision of Metering Activities Information to be Provided to the Authority in Connection with the		✓		
SpC 33	Transportation System Review Restriction Licensee's Methodology for determining incremental entry capacity			✓	
SpC 34	volumes			✓	
SpC 35	NTS Performance Reporting			✓	
SpC 36	LDZ Incentive Scheme and Performance Reporting			✓	
SpC 37	Exit Code Statement			✓	
SpC 38	Restriction on Use of Information deriving from the En/Mo Business				✓
SpC 39	Charging of Gas Shippers - Domestic Infill Premises		✓		