

Department of Trade and Industry

Attachment 1

GAS TRANSPORTERS LICENCE: STANDARD CONDITIONS

Utilities Act 2000

Determination of Standard Licence Conditions for Gas Transporters' Licences

The Secretary of State, in exercise of the powers conferred on her by section 81(1) and (2) of the Utilities Act 2000 ("the Act") hereby determines that the attached conditions shall be standard conditions for the purpose of gas transporters' licences.

The standard conditions shall be incorporated into gas transporters' licences as standard conditions with effect from the commencement of section 81(3) of the Act.

.....
Nigel Peace

An official of the Department of Trade and Industry authorised
to act on behalf of the Secretary of State

27 September 2001

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PART II. THE STANDARD CONDITIONS

SECTION A. INTERPRETATION, APPLICATION AND PAYMENTS

Condition 1. Definitions and Interpretation

1. In these standard conditions, unless the context otherwise requires -

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|--------------------------------|--|
| “the Act” | means the Gas Act 1986; |
| “affiliate” | in relation to any person means any holding company of such person, any subsidiary of such person or any subsidiary of a holding company of such person in each case within the meaning of section 736, 736A and 736B of the Companies Act 1985; |
| “alternative accounting rules” | for the purposes of standard condition 30 (Regulatory Accounts) only, has the meaning given in that condition; |

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“amount”	in relation to gas, means the energy content hereof expressed in kilowatt hours;
“appropriate period”	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business) only, has the meaning given in that condition;
“area office”	for the purposes of standard condition 4B (Connection Charges etc) only, has the meaning given in that condition;
“auditors”	means the licensee’s auditors for the time being holding office in accordance with the requirements of the Companies Act 1985;
“the Authority”	means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000;

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- “balancing” in relation to a pipe-line system of the licensee and in relation to each day, means the taking of such measures as may be available to the licensee, in particular, measures affecting the relationship between deliveries of gas to and offtakes of gas from the pipeline system on the day in question, to maintain pressures within the pipe-line system at levels which will not, in its reasonable opinion, prejudice the interests of safety or efficiency on that day or on subsequent days;
- “charging methodology” for the purposes of standard condition 4A (Obligations as Regard Charging Methodology) only, has the meaning given in that condition;
- “chronically sick person” means any person who, by reason of chronic sickness, has special needs in connection with gas supplied to him, its use or the use of gas appliances or other gas fittings;

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“code modification rules”	for the purposes of standard condition 9 (Network Code) only, has the meaning given in that condition;
“code relevant objectives”	for the purposes of standard condition 9 (Network Code) only, has the meaning given in that condition;
“competition in relation to the storage of gas”	means, as respects a particular category of storage facility, effective competition in or to the storage service offered by the facility, taking account of the provision by other persons of goods or services of equivalent purpose or effect to such storage (including where appropriate supplies of peak gas and the interruption of supplies to customers in accordance with their terms of supply);
“Compliance Officer”	for the purposes of Section C only has the meaning given in standard condition 40 (Appointment of Compliance Officer);

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“consolidated transportation business”	for the purposes of standard condition 30 (Regulatory Accounts) only, has the meaning given in that condition;
“Consumer Council”	means the Gas and Electricity Consumer Council established under section 2 of the Utilities Act 2000;
“the court”	means, in relation to England and Wales, the High Court and, in relation to Scotland, the Court of Session;
“covenantor”	for the purposes of standard condition 45 (Undertaking from Ultimate Controller) only, has the meaning given in that condition;
“cross-default obligation”	for the purposes of standard condition 47 (Indebtedness) only, has the meaning given in that condition;
“current cost assets”	for the purposes of standard condition 30 (Regulatory Accounts) only, has the meaning given in that condition;

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“customer”	means any person supplied or requiring to be supplied with gas at any premises by a gas supplier;
“de-minimis business”	for the purposes of standard condition 43 (Restriction on Activity and Financial Ring-fencing) only, has the meaning given in that condition;
“designated area”	for the purposes of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges) only, has the meaning given in that condition;
“Designated Registrar of Pipes”	means the person designated by the Authority to fulfil that role pursuant to standard condition 33 (Designated Registrar of Pipes);
“disabled person”	means any person who, by reason of any disability, has special needs in connection with gas supplied to him, its use or the use of gas appliances or other gas fittings and includes any person who is in receipt of a social

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security benefit by reason of any disability;

“disposal”

has the meaning given in standard condition 29 (Disposal of Assets);

“domestic customer”

means a person supplied or requiring to be supplied with gas at domestic premises (but excluding such a person in so far as he is supplied or requires to be supplied at premises other than domestic premises);

“domestic premises”

means –

- (a) until 1 January 2002 or, where the Authority directs for the purposes of this condition generally, in relation to premises specified or described in the direction, such later date specified in the direction, premises at which a supply is taken at a rate which is reasonably expected not to exceed 73,200 kilowatt hours a year;

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- (b) from 1 January 2002 or where the Authority directs for the purposes of this condition generally, in relation to premises specified or described in the direction, such later date specified in the direction, premises at which a supply is taken wholly or mainly for domestic purposes;

“effective date”

for the purposes of Section B only, has the meaning given in standard condition 4B (Connection Charges etc);

“estimated costs”

for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition;

“financial year”

means, subject to standard condition 30A (Change of Financial Year) (where applicable), a period of 12 months beginning on 1st April of each year and ending on 31st March of the following calendar year;

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“first supplier”	for the purposes of standard condition 5 (System Development Obligations) only, has the meaning given in that condition;
“gas”	in relation to storage, includes gas in a liquid state and “storage”, in relation to gas in either a gaseous or liquid state, means storage in, or in a facility which is connected (directly or indirectly) to, a pipe-line system operated by the licensee and cognate expressions shall be construed accordingly;
“the handbook”	for the purposes of standard condition 30 (Regulatory Accounts) only, has the meaning given in that condition;
“high pressure pipe-line”	means any pipe-line which has a design operating pressure exceeding 7 bar gauge;
“holding company”	means a holding company within the meaning of sections 736, 736A and 736B of the Companies Act 1985;

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“indebtedness”	for the purposes of standard condition ⁴⁷ (Indebtedness) only, has the meaning given in that condition;
“independent system”	means a pipe-line system of the licensee in Great Britain which includes relevant mains and which is not connected (directly or indirectly) by pipes to the main pipe-line system of Transco plc, acting as a gas transporter;
“industry framework document”	for the purposes of standard condition 13 (Change Co-ordination for the Utilities Act 2000) only, has the meaning given in that condition;
“information”	shall include any documents, accounts, estimates, returns, records or reports and data in written, verbal or electronic form and information in any form or medium whatsoever (whether or not prepared specifically at the request of the Authority or the Consumer

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	Council) or of any description specified by the Authority;
“information covenantor”	for the purposes of standard condition 24 (Provision of Information to the Authority) only, has the meaning given in that condition;
“investment”	for the purposes of Section C only, has the meaning given in standard condition 43 (Restriction on Activity and Financial Ring-fencing);
“investment grade issuer credit rating”	for the purposes of Section C only, has the meaning given in standard condition 46 (Credit Rating of Licensee);
“last resort supplier”	for the purposes of standard condition 5 (System Development Obligations) only, has the meaning given in that condition;
“licensee’s pipe-line system”	means a gas pipe-line system operated by the licensee (acting as a gas transporter) and cognate

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expressions shall be construed accordingly;

“Main Administration Service”	for the purposes of standard condition 33 (Designated Registrar of Pipes) only, has the meaning given in that condition;
“Network Code”	has the meaning given in standard condition 9 (Network Code);
“network emergency co-ordinator”	for the purposes of standard condition 6 (Emergency Services and Enquiry Services Obligations) only, has the meaning given in that condition;
“non-domestic customer”	means a customer of a gas supplier who is not a domestic customer;
“old arrangements”	for the purposes of standard condition 28 (Termination of Shipping Arrangements) only, has the meaning given in that condition;

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“owned”	in relation to a gas meter or other property, includes leased and cognate expressions shall be construed accordingly;
“participating interest”	has the meaning given by section 260 of the Companies Act 1985 as amended by section 22 of the Companies Act 1989;
“permitted purpose”	for the purposes of Section C only, has the meaning given in standard condition 32 (Interpretation of Section C);
“person concerned”	for the purposes of standard condition 4B (Connection Charges etc) only, has the meaning given in that condition;
“premises concerned”	for the purposes of standard condition 4B (Connection Charges etc) only, has the meaning given in that condition;

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“primary sub-deduct premises”	means premises to which gas is conveyed by a gas transporter before being conveyed to secondary sub-deduct premises;
“quantity” and “volume”	in relation to gas, are synonymous;
“regulatory accounts”	for the purposes of standard condition 30 (Regulatory Accounts) only, has the meaning given in that condition;
“related undertaking”	in relation to any person means any undertaking in which such person has a participating interest;
“relevant customer”	for the purposes of standard condition 6 (Emergency Services and Enquiry Service Obligations) only, has the meaning given in that condition;
“relevant methodology objective”	for the purposes of standard condition 4A (Obligations as Regards Charging Methodology) only, has the meaning given in that condition;

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“relevant period”	for the purposes of standard condition 5 (System Development Obligations) only, has the meaning given in that condition;
“relevant proportion”	for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition;
“relevant shipper”	means, in relation to any premises, a gas shipper which has made arrangements with the licensee in pursuance of which gas is conveyed to those premises and, in relation to any secondary sub-deduct premises, such arrangements shall be deemed to have been made where, in pursuance of arrangements made by a gas shipper, gas is taken out of the pipe-line system of the licensee at the relevant primary sub-deduct premises with a view to its conveyance to those secondary sub-deduct premises;

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- “relevant supplier” means, in relation to any premises, a gas supplier which supplies to those premises gas which is conveyed thereto (or, where the premises are secondary sub-deduct premises) by the licensee;
- “relevant year” for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition; and for the purposes of standard condition 48 (Last Resort Supply: Payment Claims) only, has the meaning given in that condition;
- “Retail Price Index” means the general index of retail prices published by the Office for National Statistics each month in respect of all items or:
- (a) if the index for any month in any year shall not have been published on or before the last day of the third month after such month, such index for such month or months as the Authority may after consultation with the licensee and for the purposes of this condition

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generally determine to be appropriate in the circumstances; or

(b) if there is a material change in the basis of the index, such other index as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the circumstances.

“risk criteria”

for the purposes of standard condition 5 (System Development Obligations) only, has the meaning given in that condition;

“routing guidelines”

for the purposes of standard condition 5 (System Development Obligations) only, has the meaning given in that condition;

“secondary sub-deduct premises”

means premises to which gas is conveyed in pursuance of an exemption from section 5(1)(a) of the Act granted under section 6A thereof, for supply by a gas supplier;

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“Secretary of State’s costs”	for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
“specified amount”	for the purposes of standard condition 7 (Provision of Information Relating to Gas Illegally Taken) only, has the meaning given in that condition; and for the purposes of standard condition 48 (Last Resort Supply: Payment Claims) only, has the meaning given in that condition;
“statutory accounts”	means the accounts that the licensee prepares under the Companies Act 1985 (as amended by the Companies Act 1989)
“storage arrangements”	means arrangements whereby gas shippers may, from time to time and in different cases and circumstances, have gas stored in facilities (other than facilities used solely for diurnal storage or afforded by, or connected to, an

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independent system or facilities for the conveyance of gas which the licensee uses exclusively for the conveyance of gas to such a system) which both are operated by the person who holds this licence and were operated by that person at a time during the period of 12 months ending with 1 March 1996;

“storage asset”

for the purposes of standard condition 29 (Disposal of Assets) only, has the meaning given in that condition;

“subsidiary”

means a subsidiary within the meaning of sections 736, 736A and 736B of the Companies Act 1985;

“supplemental charge”

for the purposes of Section B only, has the meaning given in standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges);

“supplier concerned”

has the meaning given in standard condition 7 (Provision of Information Relating to Gas Illegally Taken);

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“supplier’s charges”	for the purposes of standard condition 7 (Provision of Information Relating to Gas Illegally Taken) only, has the meaning given in that condition;
“Supply Point Information Service”	for the purposes of standard condition 31 (Supply Point Information Service) only, has the meaning given in that condition;
“trading business”	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business) only, has the meaning given in that condition;
“Transco plc”	means the company (registered in England and Wales under company registration no. 02006000) which had that name on 1 October 2001 whether or not it previously had a different name and that name is subsequently changed;
“transportation arrangements”	means arrangements (including subdeduct arrangements defined in

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paragraph 2) whereby gas shippers may, from time to time and in different cases and circumstances, have gas introduced into, conveyed by means of and taken out of the licensee's pipe-line system and arrangements falling within the preceding provisions of this definition shall be transportation arrangements notwithstanding that they may involve the utilisation of –

- (a) facilities for the storage of gas in so far as the licensee uses them in connection with its independent systems, including such facilities so used for the purpose of conveying gas to such a system; or
- (b) storage facilities used by the licensee solely for the diurnal storage of gas which has been introduced into its pipe-line system,

subject, however, to paragraph 9 of standard condition 4 (Charging Gas Shippers – General), paragraphs 2 and 4 of standard condition 4E (Requirement to Enter into Transportation Arrangements in conformity with

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Network Code), and paragraph 6 of standard condition 25 (Long Term Development Statement);

“transportation asset”

for the purposes of standard condition 29 (Disposal of Assets) only, has the meaning given in that condition;

“transportation business”

means the activities of the licensee connected with the development, administration, maintenance and operation of its pipe-line system subject, however, to paragraph 11 of standard condition 4A (Obligations as Regards Charging Methodology), paragraph 2 of standard condition 4D (Conduct of Transportation Business) and paragraph 9 of standard condition 24 (Provision of Information to the Authority);

“transportation services area”

has the meaning given at sub-paragraph 5(b) of standard condition 2 (Application of Section C (Transportation Services Obligations));

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- “Transportation Services Direction” for the purposes of standard condition 2 (Application of Section C (Transportation Services Obligations)) only, has the meaning given in that condition;
- “unadjusted amount” for the purposes of standard condition 27 (Adjustment of Amounts by Reference to the Retail Price Index) only, has the meaning given in that condition;
- “ultimate controller” means -
- (a) a holding company of the licensee which is not itself a subsidiary of another company; and
 - (b) any person who (whether alone or with a person or persons connected with him) is in a position to control, or to exercise significant influence over, the policy of the licensee or any holding company of the licensee by virtue of:
 - (i) rights under contractual arrangements to which he is

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a party or of which he is a beneficiary; or

(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary, but excluding any director or employee of a corporate body in his capacity as such; and

(c) for the purposes of sub- paragraph (b), a person is connected with another person if they are party to any arrangement regarding the exercise of any such rights as are described in that paragraph.

“undertaking”

has the meaning given by section 259 of the Companies Act 1985;

“value”

has the meaning given in standard condition 7 (Provision of Information Relating to Gas Illegally Taken);

“year” for the purposes of standard condition 16 (Pipe-Line System Security tandards) only, means a period of 12 months beginning with 1st October; and for the purposes of standard condition 48 (Last Resort Supply: Payment Claims) only, has the meaning given in that condition.

2. In these standard conditions, except where the context otherwise requires –
 - (a) any reference to “the relevant primary sub-deduct premises”, in relation to any secondary sub-deduct premises, is a reference to the primary sub-deduct premises to which gas was conveyed before its conveyance to those secondary sub-deduct premises;
 - (b) any reference to “sub-deduct arrangements”, in relation to any secondary subdeduct premises, is a reference to arrangements which a gas shipper makes with the licensee in pursuance of which gas is taken out of the pipe-line system of the licensee at the relevant primary sub-deduct premises with a view to its conveyance to those secondary sub-deduct premises;
 - (c) any reference to “customer” shall, notwithstanding paragraph 4, include a person who is supplied with gas at secondary sub-deduct premises.
3. Any words or expressions used in the Utilities Act 2000 or Part I of the Act shall, unless contrary intention appears, have the same meanings when used in the standard conditions.

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4. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the standard condition or Schedule in which the reference occurs, and reference to a Section is a reference to that Section in these standard conditions.
5. These standard conditions shall have effect as if, in relation to a licence holder who is a natural person, for the words “it”, “its” and “which” there were substituted the words “she”, “her” “hers”, and “whom”, and cognate expressions shall be construed accordingly.
6. Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.
8. Any reference in these standard conditions to -
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of gas shippers’ licences, or
 - (c) a provision of the standard conditions of gas suppliers’ licences,shall, if these conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these or the other standard conditions in question as modified.
9. In construing these standard conditions, the heading or title of any standard condition or paragraph shall be disregarded.

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10. Any reference in a standard condition to the purposes of that condition generally is a reference to the purposes of that condition as incorporated in this licence and as incorporated in each other licence under section 7 of the Act (whenever granted) which incorporates it.
11. Where any obligation of the licence is required to be performed by a specified date or time, or within a specified period, and where the licensee has failed so to perform, such obligation shall continue to be binding and enforceable after the specified date or time, or after the expiry of the specified period (but without prejudice to all the rights and remedies available against the licensee by reason of the licensee's failure to perform by that date or time, or within that period).
12. Anything required by or under these standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case:
 - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.
13. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A and B (which Sections are incorporated in all transporter licences). Where –

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- (a) any definition is not used in Sections A and B, that definition shall, for the purposes of this licence, be treated –
 - (i) as part of the standard condition or conditions (and the Section) in which it is used;
 - (ii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of standard condition 2 (Application of Section C (Transportation Services Obligations));
- (b) any definition which is used in Sections A and B is also used in one or more other Sections –
 - (i) that definition shall only be modifiable in accordance with the modification process applicable to each of the standard conditions in which it is used; and
 - (ii) if any such standard condition is modified so as to omit that definition, then the reference to that definition in this condition shall automatically cease to have effect.

Condition 2. Application of Section C (Transportation Services Obligations)

1. Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section C (in whole or in part) to have effect within this licence:

- (a) paragraphs 4 to 8 shall cease to be suspended and shall have effect in the licensee's licence; and
- (b) the licensee shall be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) of this licence,

from the date the said scheme takes effect. Such provision made by the Secretary of State in the said scheme shall be treated, for the purposes of paragraphs 5, 6, and 7 of this condition, as if it were a Transportation Services Direction made by the Authority.

2. Until –

- (a) the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section C (in whole or in part) to have effect within this licence; or
- (b) the Authority has issued to the licensee a direction pursuant to paragraph 4, the standard conditions in Section C (in whole or, as the case may be, in part) shall not have effect within this licence; and the licensee shall not be obliged to comply with any of the requirements of Section C (in whole or, as the case may be, in part) of this licence.

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3. Except where paragraph 1 applies to the licensee, paragraphs 4 to 8 of this standard condition shall be suspended and shall have no effect in this licence until such time as the Authority, with the consent of the licensee, issues to the licensee a notice in writing ending the suspension and providing for those paragraphs to have effect in this licence with effect from the date specified in the notice.
4. The Authority may, with the consent of the licensee, issue a direction (a “Transportation Services Direction”). Where the Authority has issued to the licensee a Transportation Services Direction the standard conditions in Section C (in whole or, as the case may be, in part) shall have effect within this licence from the date specified in the direction; and the licensee shall be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction.
5. A Transportation Services Direction:
 - (a) may specify that the standard conditions in Section C (in whole or in part) are to have effect in this licence;
 - (b) shall specify or describe an area (the “transportation services area”) within which the licensee shall be obliged to comply with any of the requirements of Section C (in whole or, as the case may be, in part);
6. The Authority may, with the consent of the licensee:
 - (a) vary the terms (as set out in the Transportation Services Direction or elsewhere) under which Section C (or parts thereof) has effect in this licence; or

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- (b) provide for Section C (or parts thereof) to cease to have effect in this licence.
7. The variation or cessation provided for in paragraph 6 shall take effect from the date specified in the variation or cessation notice given to the licensee by the Authority.
8. With effect from the date of cessation referred to in paragraph 7, paragraphs 4 to 7 of this condition shall be suspended and shall cease to have effect in this licence, but the Authority may at any time thereafter, with the consent of the licensee, give to the licensee a notice ending the suspension and providing for those paragraphs to have effect again in this licence with effect from the date specified in the notice.

Condition 3. Payments by the Licensee to the Authority

This condition is currently subject to a separate consultation which is being conducted jointly by the DTI and Ofgem. The proposed text will be issued shortly.

1. The licensee shall, at the times stated, pay to the authority such amounts as are determined by or under this condition.
2. In respect of each relevant year at the beginning of which the licensee holds this licence, the licensee shall pay to the Authority the aggregate of:
 - (a) an amount which is the relevant proportion of the estimated costs of the Authority during the year in question;
 - (b) an amount which is the relevant proportion of the estimated costs of the Consumer Council during the year in question;
 - (c) an amount which is the relevant proportion of the estimated costs incurred in the previous relevant year by the Competition Commission in connection with references made to it with respect to the licence or any other gas transporter licence;
 - (d) an amount which is the relevant proportion of the Secretary of State's costs during the year in question;
 - (e) an amount which is the relevant proportion of the difference (being a positive or negative amount), if any, between:

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(aa) any costs estimated by the Authority or, in the case of sub-paragraph 2(d), the Secretary of State in the previous relevant year under sub-paragraphs 2(a), (b), (c), and (d); and

(bb) the actual costs of the Authority, the Consumer Council, the Competition Commission (in connection with that reference) and the Secretary of State for the previous relevant year or, in the case of the Competition Commission, for the relevant year prior to the previous relevant year; and

(f) in respect of the relevant year ending on 31 March 2002, an amount which is the relevant proportion of the actual unrecovered costs of the Director General of Electricity Supply and the Relevant Consumers' Committees.

3. The amounts determined in accordance with paragraph 2 shall be paid by the licensee to the Authority in two instalments, with:

(a) the first instalment being due for payment by 30 June in each year; and

(b) the second instalment being due for payment by 31 January in each year

provided that, in each case, if the Authority has not given notice of the amount of the instalment due at least 30 days before the payment date stated above, the licensee shall pay the amount due within 30 days from the actual giving of notice by the Authority to the licensee (whenever notice is given).

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4. Where the licensee fails to pay the amount determined in accordance with paragraph 2 within 30 days of the due date set out in paragraph 3, it shall pay simple interest on the amount at the rate which is from time to time equivalent to the base rate of NatWest Bank plc or, if there is no such base rate, such base rate as the Authority may designate for the purposes hereof.

5. In relation to any data or information specified by the Authority in a direction given for the purposes of this condition generally, the licensee shall submit a certificate to the Authority, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution. Such certificate shall be submitted to the Authority each year on the date specified by the Authority. Each certificate shall be in the following form –

“In the opinion of the directors of [the licensee], all data and information provided to the Authority on [date provided to the Authority] for the purposes of enabling the Authority to calculate the licence fee payable by [the licensee] pursuant to standard condition 3 (Payments by the Licensee to the Authority) is accurate.”

6. In this condition:

“estimated costs” means costs estimated by the Authority as likely to be:

- (a) the costs of the Authority and the Consumer Council; and
- (b) the costs incurred by the Competition Commission, such estimate having regard to the views of the Competition Commission.

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“relevant proportion” means the proportion of the costs attributable to the licensee in accordance with principles determined by the Authority for the purposes of this condition generally and notified to the licensee.

“relevant year” means a year beginning on 1 April of each calendar year and ending on 31 March of the following calendar year.

“Secretary of State’s costs” means costs estimated by the Secretary of State as likely to be his costs in relation to:

- (a) the establishment of the Authority and the Consumer Council; and
- (b) Schedule 7 to the Utilities Act 2000.

7. In sub-paragraph 2(f) of this condition:

“Director General of Gas Supply” means the office previously established under section 1 of the Act;

“Gas Consumers’ Council” means the body previously established by the Director General of Gas Supply under section 2 of that Act

SECTION B. GENERAL

Condition 4. Charging of Gas Shippers – General

1. The licensee shall furnish the Authority with a statement of -
 - (a) the charges to be made in pursuance of transportation arrangements with specified descriptions of gas shippers in different specified cases or descriptions of cases; and
 - (b) the methods by which, and the principles on which, those charges are determined in accordance with the methodology referred to in paragraph 5;

and, without prejudice to paragraph 2, if any change is made in the charges to be so made, or in the methods by which, or the principles on which, those charges are to be so determined, the licensee shall, before the change takes effect or, if that is not reasonably practicable, as soon as is reasonably practicable thereafter, furnish the Authority with a revision of the statement or, if the Authority so accepts, with amendments to the previous statement, which reflect the change.

2. The licensee shall –
 - (a) give the Authority notice of any proposals which it is considering to change the charges mentioned in paragraph 1, together with a reasonable estimate of the effect of the proposals (if implemented) on those charges, and shall use all reasonable endeavours to do so at least 150 days before the proposed date of their implementation; and

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

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

- 4. Except in a case in which the Authority accepts otherwise, the licensee shall only enter into transportation arrangements which secure that the charges in pursuance thereof will be in conformity with the statement last published under paragraph 3 either –
 - (a) before it enters into the arrangements; or
 - (b) before the charges in question from time to time fall to be made,

and, for the purposes of this paragraph, the reference to the statement last published under paragraph 3 shall be construed, where that statement is subject to amendments so published before the relevant time, as a reference to that statement as so amended.

- 5. Subject to paragraph 6, the licensee shall –

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- (a) establish a methodology showing the methods by which, and the principles on which (except in a case in which the Authority accepts otherwise) such charges as are mentioned in paragraph 1(a) are to be determined; and
 - (b) conform to the methodology so established as from time to time modified in accordance with standard condition 4A (Obligations as Regards Charging Methodology).
- 6. In any case in which the licensee is willing to enter into storage arrangements in respect of such facilities as are mentioned in paragraph 9 –
 - (a) if the charges in pursuance of those arrangements are not governed by the methodology established under paragraph 5, the licensee shall avoid any undue preference or undue discrimination in the terms on which it enters into such arrangements; and
 - (b) if either those charges or any charges made in pursuance of transportation arrangements other than storage arrangements are not governed as aforesaid, the licensee shall ensure so far as is reasonably practicable, that no unjustified cross-subsidy is involved between the terms on which it enters into the storage arrangements and those on which it enters into other transportation arrangements.
- 7. Any question which arises under paragraph 6 as to whether a cross-subsidy is unjustified, shall be determined by the Authority.
- 8. References in paragraphs 1 to 5 to charges do not include references to –

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- (a) charges related to the acquisition or disposal of gas for purposes connected with the balancing of the licensee's pipe-line system; or
- (b) to the extent (if any) to which the Authority has accepted that they should, as respects certain matters, be so determined, to charges determined by reference to provisions in that behalf set out in the Network Code,

and, subject as aforesaid, references in this condition and in standard conditions 4A (Obligations as Regards Charging Methodology) and 4B (Connection Charges etc) to charges-

- (i) include references to the means whereby charges may be ascertained; and
- (ii) exclude references to supplemental charges within the meaning of standard condition 4C (Charging Gas Shippers – Supplemental Connection Charges).

9. In this condition “transportation arrangements” includes storage arrangements which relate to the utilisation of –

- (a) an offshore gas storage installation;
- (b) storage cavities in natural strata, or
- (c) containers for the storage of gas in a liquid state.

10. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in paragraph 9(a), (b) or (c) and the Authority's view on that question, considers it appropriate that paragraph 9 should be modified by the

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omission of sub-paragraph (a), (b) or (c), then the subparagraph in question shall be omitted with effect from a date specified in a notice relating thereto published by the Authority for the purposes of this condition generally; and, if all three subparagraphs come to be omitted, paragraphs 6 and 7, paragraph 9 and the reference thereto in the definition of “transportation arrangements” in condition 1 shall cease to have effect.

Condition 4A. Obligations as Regards Charging Methodology

1. Except in so far as the Authority consents to the licensee not doing so, the licensee shall, subject to paragraphs 2 and 3, from time to time make such modifications of the methodology established in pursuance of paragraph 5 of standard condition 4 (Charging of Gas Shippers – General) (“the charging methodology”) as may be requisite for the purpose of achieving the relevant methodology objectives.

2. Except in so far as the Authority otherwise approves, the licensee shall not make a modification of the charging methodology unless it has –
 - (a) consulted the relevant shippers on the proposed modification and allowed them a period of not less than 28 days within which to make written representations; and

 - (b) furnished the Authority with a report setting out -
 - (i) the terms originally proposed for the modification;
 - (ii) the representations (if any) made by relevant shippers; and
 - (iii) any change in the terms of the modification intended in consequence of such representations,

and unless 28 days have elapsed since the said report was furnished without the Authority having given the licensee a direction requiring that the modification be not made.

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3. Subject to paragraph 4, the licensee shall in each calendar year furnish the Authority with a report on the application of the charging methodology during the 12 months preceding 1st October in that year including a statement as to –
 - (a) the extent to which, in the licensee’s opinion, the relevant methodology objectives have been achieved during the period to which it relates;
 - (b) whether those objectives could more closely be achieved by modification of the charging methodology; and
 - (c) if so, the modifications which should be made for that purpose.

4. As respects the calendar year in which this licence came into force:
 - (a) if it came into force on or after 1st October in that year, paragraph 3 shall not apply; or
 - (b) if it came into force before that date, paragraph 3 shall have effect as if for the reference to the 12 months preceding that date there were substituted a reference to the period preceding that date beginning with the date on which the licence came into force.

5. In paragraphs 1 and 3 “the relevant methodology objectives” means, subject to paragraph 6, the following objectives –
 - (a) that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;
 - (b) that, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business; and

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- (c) that, so far as is so consistent, compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers.

6. Where -

- (a) the charging methodology results in charges which, or the revenue derived from which, are, in the main, not controlled or limited in pursuance of any standard condition of this licence other than standard condition 4 (Charging of Gas Shippers – General) ; and
- (b) the Authority has not accepted that, for a specified period, this paragraph should not apply or has so accepted subject to standard conditions which are not satisfied,

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

- (i) costs incurred for the purposes of that business in connection with the construction of pipe-lines for the benefit of an area for the time being designated for the purposes of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges);
- (ii) revenue derived from that business by way of charges (within the meaning of standard condition 4B (Connection Charges etc)) to which any provisions of that standard condition have effect and which are in respect of premises within an area for the time being so designated;

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- (iii) revenue derived from that business by way of supplemental charges (within the meaning of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges)); and
- (iv) any payments made by the licensee in connection with the proposed development of an area for the time being not so designated to a person who has an interest in land in that area, other than by way of reasonable consideration for an interest in land or for goods or services with which the licensee is provided,

and, for the purposes of this paragraph, “costs” and “revenue” mean costs and revenue determined on an accrual basis.

7. The licensee shall comply with any direction given from time to time by the Authority requiring the licensee –
 - (a) subject to paragraphs 8 and 9 to publish such information as may be specified or described in the direction-
 - (i) as to any of the costs incurred by the licensee in its transportation business, or
 - (ii) relating to the charging methodology as modified from time to time in accordance with paragraph 1; and
 - (b) to do so in such form and manner and with such frequency as may be so specified.
8. The licensee shall not be required by paragraph 7 to publish any information or any document -

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- (a) which it could not be compelled to give in evidence or produce in civil proceedings before the court; or
 - (b) so far as it comprises information relating to costs incurred in connection with the construction of pipe-lines for the benefit of an area for the time being designated for the purposes of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges) or so incurred in preparation for the area becoming so designated.
9. In publishing any information in pursuance of paragraph 7 the licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to the affairs of any person where the publication of that matter would or might seriously and prejudicially affect his interests.
10. Any question arising under paragraph 9, as to whether the publication of some matter which relate to the affairs of a person would or might seriously and prejudicially affect his interests, shall be determined by the Authority.
11. In this condition “transportation business” includes activities connected with the storage of gas in pursuance of storage arrangements which relate to the utilisation of –
- (a) an offshore gas storage installation;
 - (b) storage cavities in natural strata; or
 - (c) containers for the storage of gas in a liquid state.

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12. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in paragraph 11(a), (b) or (c) and its view on that question, considers it appropriate that paragraph 11 should be modified by the omission of subparagraph (a), (b) or (c), then the subparagraph in question shall be omitted with effect from a date specified in a notice relating thereto published by the Authority for the purposes of this condition generally; and, if all three subparagraphs come to be omitted, paragraph 11 and the reference thereto in the definition of “transportation business” in standard condition 1 (Definitions and Interpretation) shall cease to have effect.

Condition 4B. Connection Charges etc

1. Subject to paragraph 2, where any pipe is supplied and laid by the licensee in discharge of the duty imposed by section 10(2)(a) of the Act, for the purpose of connecting premises (“the premises concerned”) to a relevant main, the licensee may charge the person requiring the connection (“the person concerned”) in respect of the cost of supplying and laying the pipe –

provided that in a case in which the supply of gas is to domestic premises, the licensee shall only so charge in respect of the cost of supplying and laying the pipe insofar as it is attributable to the supplying and laying of –

- (a) so much of the pipe as is laid upon property owned or occupied by the person concerned, not being property dedicated to public use; and
 - (b) so much of the pipe as is laid for a greater distance from a relevant main than 10 metres, although not on such property as is mentioned in sub-paragraph (a).

2. Paragraph 1 shall have effect as if the proviso thereto were omitted where –
 - (a) the person concerned may be required in pursuance of regulations made, or having effect as if made, under section 10(7) of the Act to make a payment in respect of the expenses of the main used for the purpose of making the connection; or
 - (b) the premises concerned are in an area designated for the purposes of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges) and the charges to be made of a gas shipper by the licensee in respect of the conveyance of gas to those premises would include a supplemental charge.

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3. The licensee shall comply with any directions given by the Authority to furnish it with a statement showing the methods by which, and the principles on which, (consistently with its duties under section 9 of the Act) –
- (a) where a connection is required in pursuance of subsection (2) of section 10 of the Act, charges in respect of the cost of connecting, supplying and laying a pipe or the expenses of the laying of a main are normally to be determined in different cases or circumstances;
 - (b) where a connection is required in a case not falling within subsection (1)(a) or (b) of the said section 10 and the premises are not likely to be supplied with gas at a rate exceeding that from time to time mentioned in subsection (8) of the said section 10 (subject to section 8A(1) of the Act, 2,196,000 kilowatt hours in any period of 12 months), the charges to be made for the connection, including charges for supplying and laying a pipe are to be determined;
 - (c) where a connection or disconnection is required in the case of any premises likely to be, or which have been, supplied with gas at a rate exceeding that from time to time mentioned in subsection (8) of the said section 10, the charges to be made for the connection or disconnection including, so far as appropriate, charges for supplying or laying a pipe or main and charges in respect of anything done or provided in connection with the connection or disconnection in different cases or circumstances are to be determined; and
 - (d) without prejudice to sub-paragraph (a), in the circumstances mentioned in subsection (10) of the said section 10 (read with any regulations under subsection (11) thereof), charges under the said subsection (10) are normally to be determined in different cases and circumstances.

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4. Where, having furnished a statement under paragraph 3, the licensee (subject to paragraph 7) changes the methods and principles referred to in paragraph 3, the licensee shall as soon as is reasonably practicable furnish the Authority with a revised statement showing the changed methods and principles; and such a revised statement shall supersede previous statements furnished under either paragraph 3 or this paragraph with effect from such date as is specified therein (“the effective date”).
5. A statement furnished under paragraph 3 or 4 shall, where practicable, include examples of the charges likely to be made in different classes of case as determined in accordance with the methods and principles shown in the statement.
6. The licensee shall –
 - (a) publish any statement furnished under paragraph 3 or 4 in such manner as will secure adequate publicity for it and, in the case of a statement furnished under 4, shall so publish it before the effective date thereof;
 - (b) publish with any such statement so published a further statement that any complaint in respect of a charge to which the statement relates, if not resolved between the licensee and the complainant, may be referred to the Authority by letter addressed to the Authority at an address specified in the further statement; and
 - (c) send a copy of any such statement and further statement so published to any person who asks for one.

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7. Where a statement in respect of the determination of such charges as are mentioned in paragraph 3 has been furnished to the Authority under paragraph 3 or 4 then, unless and until it has been superseded by a subsequent statement under paragraph 4, the licensee shall not make such a charge, or agree or offer to make such a charge, as is so mentioned other than one determined in accordance with the methods and principles shown therein, unless the Authority otherwise consents.

8. The licensee shall establish, and keep up to date, a register (or separate registers for different areas) of pipes which have vested in it and become its property by virtue of section 10(6) of the Act and fall within section 10(13)(b) but have not been declared relevant mains under section 10(13) thereof; and an entry in the register in respect of a particular pipe-
 - (a) shall contain sufficient particulars to enable the pipe to be identified;
 - (b) shall be made within 28 days of the pipe vesting in, and becoming the property of, the licensee; but
 - (c) shall be deleted, as soon as is reasonably practicable, if the pipe in question is subsequently declared a relevant main under the said section 10(13).

9. The licensee shall make arrangements for a copy of the said register (or of the information contained therein) to be available for inspection at reasonable times, if it has area offices, at those offices or, if it has not, at its principal office; and, for the purposes hereof, "area office" means one which is fixed for an area for the purposes of section 46(3) of the Act.

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10. The licensee shall not show any undue preference towards, or undue discrimination against, any person who operates, or proposes to operate, a pipe-line system in relation to the connection of that system to the licensee's pipe-line system.
11. The licensee shall comply with any direction given by the Authority to furnish it with a statement showing, so far as is reasonably practicable, the methods by which and the principles on which the following charges are to be determined, namely –
 - (a) charges for making a connection to a pipe comprised in its pipe-line system to enable gas to be introduced into, or taken out of, that system; and
 - (b) charges for works associated with the making of such a connection including, in particular, works to increase the capacity of a high pressure pipe-line and by way of the supply and installation of a pipe-line.
12. Where, having furnished a statement under paragraph 11, the licensee (subject to paragraph 14) changes the methods and principles referred to in that paragraph, the licensee shall as soon as is reasonably practicable furnish the Authority with a revised statement showing the changed methods and principles; and such a statement shall supersede previous statements furnished under either paragraph 11 or this paragraph with effect from such date as is specified therein ("the effective date").
13. A statement furnished under paragraph 11 or 12 shall, where practicable, include examples of the charges likely to be made in respect of different kinds of works falling within paragraph 11, other than works connected with a high pressure pipe-line.

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14. The licensee shall –
- (a) publish any statement furnished under paragraph 11 or 12 in such manner as will secure adequate publicity for it and, in the case of a statement furnished under paragraph 12, shall so publish it before the effective date thereof; and
 - (b) send a copy of any such statement so published to any person who asks for one.
15. Where a statement in respect of the determination of charges in respect of a matter has been furnished to the Authority under paragraph 11 or 12 then, unless and until it has been superseded by a subsequent statement under paragraph 12, the licensee shall not make a charge, or agree or offer to make a charge, other than one determined either in accordance with the methods and principles shown therein or in accordance with methods and principles not inconsistent with those so shown unless the Authority otherwise consents.
16. References in this condition to charges –
- (a) include references to the means whereby charges may be ascertained; and
 - (b) exclude references to supplemental charges within the meaning of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges).
17. In this condition, any reference to the making of a charge –

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- (a) in relation to the supplying or laying of a pipe in pursuance of section 10(2)(a) of the Act, is a reference to requiring that the person requiring the connection defrays the whole or a part of the cost thereof;
- (b) in relation to the laying of a main used for the purpose of making a connection and in the circumstances mentioned in section 10(7) of the Act, is a reference to requiring, in pursuance of regulations under that provision, that the person requiring the connection pays an amount in respect of the expenses of the laying of the main; and
- (c) in the circumstances mentioned in subsection (10) of section 10 of the Act (read with any regulations under subsection (11) thereof), is a reference to requiring the person requiring a connection to be made or maintained in pursuance of subsection (2) or (3) of the said section 10 to make such payments as are mentioned in the said subsection (10), and cognate expressions shall be construed accordingly.

Condition 4C. Charging of Gas Shippers – Supplemental Connection Charges

1. This condition shall apply in relation to an area designated for the purposes hereof by the Authority on the application of the licensee (“a designated area”) as one in the case of which –
 - (a) it appears to the Authority that gas has not previously, or has not within the previous 3 years, been conveyed through pipes to any premises therein other than ones which had been supplied with gas at a rate in excess of 2,196,000 kilowatt hours a year; and
 - (b) it appears to the Authority that, taking into account both any existing premises and probable developments in the area, it is likely that the area will contain premises of which more than a half will not be within 23 metres of a relevant main, whether of the licensee or of any other gas transporter, which was in existence before the designation of the area.
2. The designation of an area shall subsist only for the period specified in the designation on the application of the licensee unless, before the expiry of that period, it is extended by the Authority on such an application.
3. This condition shall apply if, and only if, the charges to be made of gas shippers by the licensee in pursuance of transportation arrangements include an element referable in whole or in part to the laying of pipes for the purpose of conveying gas to premises in a designated area and any such element is hereinafter referred to as a “supplemental charge”.

4. The licensee –
 - (a) shall, in the case of each designated area, establish a methodology which has been accepted by the Authority (whether before or after the area becoming designated) setting out the provisions in accordance with which supplemental charges are to be determined, so, however, that, if and to the extent that the methodology so provides, it may be changed from time to time subject to the acceptance by the Authority of the changed methodology; and
 - (b) shall ensure that each supplemental charge made conforms to the methodology as in force immediately before the charge fell due.

5. The licensee shall, in the case of each designated area, prepare a statement of the methodology, or changed methodology, from time to time established under paragraph 4, and shall-
 - (a) publish, in such manner as will secure adequate publicity for it, either the statement or a summary thereof which the licensee is satisfied is sufficient to meet the reasonable interests of gas shippers and gas suppliers in the statement; and
 - (b) send a copy of any such statement or summary so published to anyone who asks for one.

6. If and so long as the charges made by the licensee for the conveyance of gas to premises in a designated area include supplemental charges, the licensee shall prepare and keep up to date a statement in respect of that area which shall specify the period for which supplemental charges will be made, the current amount thereof or the means whereby that amount may be ascertained and the circumstances in which they will be made, and shall -

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- (a) publish that statement at appropriate intervals, in such manner as will secure adequate publicity for it; and
 - (b) send a copy of any statement so published to anyone who asks for one
7. In any other standard condition of this licence which limits, or has the effect of limiting, the charges which may be made in pursuance of transportation arrangements or the revenue which may be derived therefrom, references to such charges or revenue shall not include supplemental charges or revenue derived from such charges.
8. Where a person has applied for a licence or an extension under section 7 of the Act, any application made by that person in contemplation of the grant of that licence or extension which is conditional on such grant shall, if the licence or extension is granted, be treated, for the purposes of this condition, as an application made by the person to whom the licence or extension has been granted.
9. An acceptance of a methodology by the Authority for the purposes of paragraph 4 may be given subject to such standard conditions, relating to such charges as are mentioned in paragraph 3 of standard condition 4B (Connection Charges etc), as may be agreed between the Authority and the licensee.

Condition 4D. Conduct of Transportation Business

1. The licensee shall conduct its transportation business in the manner best calculated to secure that neither –
 - (a) the licensee or any affiliate or related undertaking of the licensee, nor
 - (b) any gas shipper or gas supplier,obtains any unfair commercial advantage including, in particular, any such advantage from a preferential or discriminatory arrangement, being, in the case of such an advantage accruing to the licensee, one in connection with a business other than its transportation business.

2. In this condition “transportation business” includes
 - (i) storage arrangements which relate to the utilisation of:
 - (a) an offshore gas storage installation;
 - (b) storage cavities in natural strata; or
 - (c) containers for the storage of gas in a liquid state; and
 - (ii) if the licensee has been designated as the Designated Registrar of Pipes pursuant to standard condition 33 (Designated Registrar of Pipes), the functions of the Designated Registrar of Pipes.

3. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in paragraph 2 and its view on that question, considers it appropriate that paragraph 2 should be modified by the omission of

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sub-paragraph (a), (b) or (c), then the sub-paragraph in question shall be omitted with effect from a date specified in a notice relating thereto published by the Authority for the purposes of this condition generally; and if all three sub-paragraphs come to be omitted, paragraph 2 and the reference thereto in the definition of “transportation business” in standard condition 1 (Definitions and Interpretation) shall cease to have effect.

Condition 4E. Requirement to Enter into Transportation Arrangements in Conformity with Network Code

1. Except in a case in which the Authority accepts otherwise, the licensee shall only enter into transportation arrangements which are in conformity with any relevant provisions of the Network Code.
2. In this condition “transportation arrangements” includes storage arrangements which relate to the utilisation of –
 - (a) an offshore gas storage installation;
 - (b) storage cavities in natural strata; or
 - (c) containers for the storage of gas in a liquid state.
3. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in paragraph 2(a), (b) or (c) and its view on that question, considers it appropriate that paragraph 2 should be modified by the omission of subparagraph (a), (b) or (c), then the subparagraph in question shall be omitted with effect from a date specified in a notice relating thereto published by the Authority for the purposes of this condition generally; and, if all three subparagraphs come to be omitted, paragraph 2 and the reference thereto in the definition of “transportation arrangements” in standard condition 1 (Definitions and interpretation) shall cease to have effect.

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4. If and in so far as the Authority so consents, this condition shall have effect as if the definition of “transportation arrangements” in standard condition 1 (Definitions and interpretation) referred only to gas consisting wholly or mainly of methane.

Condition 5. System Development Obligations

1. Within 7 days of the licensee applying to the Authority under section 7(4) of the Act for an extension to its licence, the licensee shall make available details of the extension area applied for and shall send such details to –
 - (a) the Health and Safety Executive; and
 - (b) with effect from the date designated by the Authority under paragraph 1 of standard condition 5A (Information to be provided to the Designated Registrar of Pipes), the Designated Registrar of Pipes.

2. The licensee shall not at any time execute any works for the construction of a high pressure pipe-line unless, not less than one year (or such shorter period as the Secretary of State may allow) before that time, it has given notice to the Health and Safety Executive:
 - (a) stating that it intends to execute the works;
 - (b) containing such particulars as are specified in, or as may from time to time be prescribed for the purposes of, section 22A (2) of the Act; and
 - (c) also containing, so far as they are not required by sub-paragraph (b) -
 - (i) the address of the licensee;
 - (ii) the address (if known) of the office from which the pipe-line, if constructed, would be operated;
 - (iii) particulars of both the normal and maximum permissible operating pressure of the proposed pipe-line; and

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- (iv) such particulars, if any, as may from time to time be designated for purposes of this paragraph in the routing guidelines, and has sent a copy of that notice to any planning authority through whose area the pipe-line is intended to run.
3. If after a notice under paragraph 2 has been given, the execution of the works to which the notice relates has not substantially begun at the expiration of three years from the date on which it was given or at the expiration of any extension of that period given by the Secretary of State, the notice shall cease to have effect for the purposes of that paragraph except in relation to such works (if any) as have already been executed.
4. Where the proposed routing of the pipe-line is not in accordance with the routing guidelines –
- (a) the licensee shall so notify the Health and Safety Executive;
 - (b) the licensee shall consult the Health and Safety Executive on the proposed routing; and
 - (c) if, within the period of 3 months beginning with the day on which the Health and Safety Executive was notified in pursuance of sub-paragraph (a) (or such longer period as may be agreed in writing between the licensee and the Executive), the Executive gives written notice to the licensee that it does not agree to the proposed routing (with or without modifications acceptable to the licensee), the licensee shall (unless it decides not to proceed with the proposed works) send to the Secretary of State a copy of the notice referred to in paragraph 2;
 - (d) if within the said period, the Health and Safety Executive -

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

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- (ii) have not given the licensee such a notice as is referred to in subparagraph (b), the licensee may, subject to paragraphs 4 and 6, proceed with the proposed works.

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6. If, within 6 months beginning with the day on which he received a copy of the notice referred to in paragraph 2, in pursuance of paragraph 4(c) or 5(b), the Secretary of State (having regard, as respects matters relating to safety, to the risk criteria or, in the absence of such criteria, any criteria as to risk formulated by the licensee and any representations made by the Health and Safety Executive in relation to the proposal) gives a direction to the licensee –
 - (a) that the licensee shall not proceed with the construction of the pipe-line;
or
 - (b) that, if the licensee wishes to proceed with the construction of the pipe-line, the licensee shall satisfy such requirements as are specified in the direction including, in particular requirements as respects the routing of the pipe-line, the licensee shall comply with the direction.

7. Where the connection of any premises to the licensee's pipe-line system would require the construction of a relevant main, any written quotation relating to that connection shall include a statement indicating that persons other than the licensee may be able to offer competitive quotations.

8. The licensee shall keep a record –
 - (a) of the individual premises and pipe-line systems -
 - (i) which are connected to the licensee's pipe-line system ; and
 - (ii) to which, during the relevant period, gas has been conveyed by means of that pipe-line system;

 - (b) of every gas shipper which has been a relevant shipper during the relevant period;

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- (c) in respect of each such premises as are referred to in sub-paragraph (a), of any information with which it has been furnished –
- (i) as to the relevant supplier which has, from time to time during the relevant period, supplied gas to the premises in question;
 - (ii) if, from time to time during the relevant period, gas conveyed to the premises in question has been supplied thereto otherwise than by a gas supplier, as to the circumstances which made it unnecessary that the gas be supplied by a gas supplier; and
 - (iii) as to the ownership, from time to time during the relevant period, of any meter through which gas so conveyed was supplied; and (iv) pursuant to standard condition 8 (Information as Respects Premises Served) of the standard conditions of gas shippers' licences or, where the licensed shipper is not only the relevant shipper but also the relevant supplier of the particular premises in question, standard condition 16 (Exchange of Information between Licensee and Relevant Transporter or Shipper for Operation, Development or Maintenance of Pipeline System and Detection and Prevention of Theft) of the standard conditions of gas suppliers' licences as to whether the premises in question are domestic or non-domestic premises;
- (d) as to the contents of any notice given to the licensee during the relevant period under sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act, and as to any information so given under sub-paragraph (3) of that paragraph or of any such notice or information which was given to a gas supplier and of which the licensee was informed during the relevant period;

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- (e) as to any information with which the licensee has been provided, during the relevant period, in pursuance of arrangements made by a relevant supplier for the purposes of paragraph 3(d) of standard condition 37 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick) of the standard conditions of gas suppliers' licences as incorporated in that supplier's licence;
 - (f) as to any information given, or facts notified, to the licensee, during the relevant period, by a relevant shipper in pursuance of paragraph 3 of standard condition 11 (Supply and Return of, and Information etc Relating to, Gas Meters) of the standard conditions of gas shippers' licences as incorporated in that shipper's licence; and
 - (g) as to the date of the most recent inspection of a gas meter in pursuance of standard condition 17 (Reading, Inspection and Testing of Meters) of the standard conditions of gas suppliers' licences as incorporated in a relevant supplier's licence of which the licensee has been notified during the relevant period.
9. In paragraph 8 "the relevant period" means –
- (a) the preceding 5 years, or
 - (b) if the licence has been in force for less than 5 years, the period since it came into force, or
 - (c) in the case of all or such of the sub-paragraphs of paragraph 8 as are specified in the consent, such shorter period to which the Authority may have consented.

10. Subject to the Authority, after having consulted the licensee, having directed for the purposes of this condition that this paragraph should have effect, either in all cases or in such cases as are specified or described in the directions and subject to such limitations (if any) as are so specified, where the licensee becomes aware-
- (a) that a gas shipper has become the relevant shipper: or
 - (b) that a gas supplier has become the relevant supplier, in relation to particular premises, it shall inform that gas shipper or, where subparagraph (b) applies, the relevant shipper, whether or not it has information recorded in pursuance of sub-paragraphs 8(c)(iv) and 8(e) which relates to the premises in question.
11. Where a gas supplier (“the last resort supplier”) has been given a direction under standard condition 29 (Supplier of Last Resort) of the standard conditions of gas suppliers’ licences as incorporated in that supplier’s licence to supply gas to customers of another supplier, then, if the Authority has given the licensee directions in that behalf, it shall promptly provide the last resort supplier with such information recorded by the licensee in pursuance of paragraph 8 as may be specified or described in the directions.
12. At the request of a gas supplier which has previously supplied gas to particular premises (“the first supplier”) and wishes to give to the relevant supplier such a notice as is mentioned in paragraph 2 of standard condition 49(Assignment of Outstanding Charges) of the standard conditions of gas suppliers’ licences as incorporated in the relevant supplier’s licence, the licensee shall take reasonable steps to secure that the first supplier is informed of any information with which the licensee has been furnished as to the name and address of the relevant supplier.

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13. For the purpose of paragraph 8(a) -
- (a) where gas conveyed by the licensee to primary sub-deduct premises is conveyed from those premises to any secondary sub-deduct premises, the secondary sub-deduct premises shall be deemed to be connected to the pipeline system operated by the licensee, and
 - (b) where gas has, during the relevant period, been so conveyed to the secondary subdeduct premises, it shall be deemed to have been so conveyed by means of that pipe-line system.
14. In this condition –
- the “risk criteria” means the risk based criteria, if any, which have -
- (a) been formulated and adopted by the Health and Safety Executive after consultation with the persons who hold licences under section 7(2) of the Act at the time of such adoption; and
 - (b) been designated for the purposes of this condition generally by the Secretary of State, or any revision of such criteria so formulated and adopted and so designated; and
- the “routing guidelines” means the guidelines designated as such by the Secretary of State after consultation with the Health and Safety Executive and the persons who hold licences under section 7(2) of the Act at the time of such designation or any revision of such guidelines so designated.
15. Without prejudice to paragraph 4 of standard condition 1 (Definitions and Interpretation), paragraphs 2 to 6 of this condition shall be interpreted and construed as if section 22A(3) and (4) of the Act applied to them.

Condition 5A. Information to be Provided to the Designated Registrar of Pipes

1. From such date as may be designated in writing for the purposes of this condition generally by the Authority following such consultation as it considers appropriate, paragraphs 2 to 4 shall have effect.
2. From the date designated by the Authority under paragraph 1, the licensee shall provide the Designated Registrar of Pipes with the following data in respect of each main it operates:
 - (a) the location, route, diameter and material of the main;
 - (b) the nominal pressure range of the main;
 - (c) the date the main was laid or became a main; and
 - (d) the licensee's details (including name, address and contact details).
3. The licensee shall notify the Designated Registrar of Pipes within 28 days after the commissioning of any new main and of any change in respect of the data relating to a main provided under paragraph 2, including where the pipe is no longer in operation.
4. The licensee shall, at least 7 days before bringing a new pipe or arranging with any other person for a pipe to be brought into operation which is likely to be a main, notify the Designated Registrar of Pipes of the proposed location of the main.

Condition 6. Emergency Services and Enquiry Service Obligations

1. The licensee shall –
 - (a) establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of, in coordination with all other gas transporters a single continuously manned telephone service for use by any person, with the facilities mentioned in paragraph 2, for the receipt of reports and the offering of information, guidance or advice about any matter or incident that -
 - (i) causes danger or requires urgent attention, or is likely to cause danger or require urgent attention, in relation to the supply of gas conveyed through pipes; or
 - (ii) involves the escape of gas from a network or from a gas fitting supplied with gas from a network (where the reference to an escape of gas from a gas fitting includes a reference to an escape or emission of carbon monoxide gas resulting from incomplete combustion of gas in such a fitting);
 - (b) arrange with other gas transporters for the information contained in reports received by that service of escapes of gas in respect of which the licensee may have any obligations to be given without delay to the licensee; and
 - (c) secure adequate publicity for the service and its telephone number, having regard, in particular, to the special needs of blind or partially sighted persons.

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2. The facilities referred to in paragraph 1(a) shall include facilities for deaf or partially hearing persons which will assist them (if they have the equipment enabling them to take advantage thereof) to use the service.
3. The service established by the licensee in accordance with paragraph 1(a) shall –
 - (a) be provided without charge by the licensee to the user at the point of use; and
 - (b) ensure that all reports and enquiries are processed in a prompt and efficient manner.
4. In the establishment and operation of the service in accordance with paragraph 1 the licensee shall not discriminate between any persons or class or classes thereof.
5. In the establishment and operation of the service in accordance with paragraph 1 the licensee shall not restrict, distort or prevent competition in the supply of gas.
6. The licensee shall prepare and submit a statement setting out details of the service to be provided in accordance with paragraph 1, and the licensee shall give or send a copy of such statement to any person requesting it.
7. The licensee shall take steps to inform users of the service of any change to the telephone number of the service established in accordance with paragraph 1 as soon as is practicable prior to such change becoming effective.
8. Subject to paragraph 9, the licensee shall make arrangements which will secure that in preventing an escape of gas in any premises to which it conveys gas (or, where it conveys gas to any primary sub-deduct premises, in any

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secondary sub-deduct premises to which the gas is subsequently conveyed) –

- (a) the prevention is effected, so far as it is reasonably practicable and safe to do so -
 - (i) in such a way as to maintain the supply of gas to those premises and to appliances designed for use by domestic customers for heating or cooking; and
 - (ii) by carrying out any appropriate minor repairs to appliances;
 - (b) the prevention is effected, so far as is reasonably practicable, by a person adequately trained to recognise signs of leakage of carbon monoxide and instructed to report any such signs to the owner or occupier of the premises; and
 - (c) if further repair work is required, information is given to the owner or occupier of the premises or, in their absence, left at the premises, as to persons in the locality who are members of a class of persons permitted pursuant to regulations under the Health and Safety at Work etc Act 1974 to perform repairs on gas fittings.
9. Nothing in paragraph 8(a) shall oblige the licensee to carry out any work which cannot be completed within 30 minutes of entering the premises for the purpose of preventing the escape or would use materials costing more than £4.65, adjusted in accordance with standard condition 27 (Adjustment of Amounts by Reference to the Retail Price Index) by reference to the day on which the premises were entered for that purpose.
10. The licensee shall make arrangements whereby, so far as is reasonably practicable, the occupier of any premises to which gas is conveyed by the licensee (or of any premises which are secondary sub-deduct premises in relation to any primary sub-deduct premises to which gas is conveyed by the licensee) who –

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- (a) is a domestic customer;
- (b) is a disabled or chronically sick person or is of pensionable age;
- (c) does not share the occupancy of the premises with any person who is not a disabled or chronically sick person, not of pensionable age and not a minor; and
- (d) is included in a list of domestic customers information in respect of which has been provided to the licensee in pursuance of arrangements made by a relevant supplier for the purposes of paragraph 3(d) of standard condition 37 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick) of the standard conditions of gas suppliers' licences as incorporated in that supplier's licence,

is not deprived of adequate heating and cooking facilities where the conveyance of gas to those premises has been disconnected for the purpose of averting danger to life or property.

11. In the case of an extension of its licence, the licensee shall ensure that the arrangements remain sufficient for the purposes of paragraph 10 and shall make any necessary changes.
12. Except in the case of changes reasonably consequential upon an extension or a restriction of its licence, which are made with effect from the effective date of the extension or the restriction, the licensee shall not make any material change in the arrangements except with the consent of the Authority.

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13. The licensee shall use its best endeavours to ensure, so far as is reasonably practicable, that it conducts itself towards domestic customers in conformity with the arrangements.
14. Paragraph 15 shall apply in relation to relevant customers (defined in paragraph 21) and the premises of relevant customers.
15. Where the licensee considers that, for reasons of safety (not being reasons relating solely to particular premises or a particular locality), the supply of gas to any relevant customer or the conveyance of gas to that customer's premises needs to be interrupted, reduced or restricted, the licensee shall, so far as is reasonably practicable in the circumstances having regard to the over-riding importance of safety –
 - (a) when making such a request of a relevant supplier or shipper as is mentioned in paragraph 2 of standard condition 14 (Security and Emergency Arrangements) of the standard conditions of gas suppliers' licences or paragraph 2 of standard condition 5 (Obligations as Regards Emergencies etc) of the standard conditions of gas shippers' licences;
 - (b) when telling a relevant customer that he should refrain from using gas, in pursuance of such a term of that customer's contract for the supply of gas as is mentioned in paragraph 3(b) of standard condition 15 (Security and Emergency Arrangements) of the standard conditions of Gas Suppliers' licences, or
 - (c) when interrupting, reducing or restricting the conveyance of gas, give priority to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, relevant customers or classes of relevant customers in accordance with, and to the extent specified in the list required by paragraph 17, and (to the extent

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that they supersede or supplement such list) such directions as may from time to time have been given by the Secretary of State under paragraph 19 or 20.

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

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18. When the licensee establishes, reviews or amends any list established under paragraph 17, it shall comply with any direction given by the Secretary of State as to:
- (a) the classes of relevant customers on which the list is to be based;
 - (b) any other criteria on which the list is to be based;
 - (c) any other customers or classes of customers specifically required to be included in the list; and
 - (d) the nature and extent of any priority which will be given to any relevant customer or class of relevant customer as specified in the list.
19. The licensee shall comply with any directions given by the Secretary of State for the purposes of this condition generally requiring priority to be given, in such manner and to such extent as may be specified in the directions, to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, one or more relevant customers or classes of relevant customers.
20. Any question arising under this condition as to whether a particular relevant customer is required to be included in the list established, reviewed or amended under paragraph 17 shall be determined by the Secretary of State.
21. In this condition –
- (a) “network emergency co-ordinator” shall be construed in the same manner as that term is construed in the Gas Safety (Management) Regulations 1996; and
 - (b) “relevant customer” includes –

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- (i) any person who is supplied by a relevant supplier with gas conveyed to a particular supply point at a rate which is reasonably expected to exceed 732,000 kilowatt hours a year, to the extent that the terms on which that person is supplied permit such supply to be interrupted or reduced only in pursuance of such a term as is mentioned in paragraph 3 of standard condition 15 (Security and Emergency Arrangements) of the standard conditions of gas suppliers' licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976; and
 - (ii) any person mentioned in any direction given by the Secretary of State in relation to paragraph 18(c) of this condition.
22. References in this condition to the maintenance of supply or conveyance of gas include references to the resumption of such supply or conveyance following its interruption or reduction.

Condition 7. Provision of Information Relating to Gas Illegally Taken

1. Where it appears that sub-paragraph (1) of paragraph 9 of Schedule 2B to the Act may apply by reason that a person has, or may have, taken a supply of gas in course of conveyance by the licensee or that sub-paragraph (2) of that paragraph may apply by reason that a person has, or may have, taken a supply of gas at any premises which has been conveyed thereto by the licensee, it shall –
 - (a) investigate the matter; and
 - (b) subject to the outcome of that investigation, use its reasonable endeavours to recover, in pursuance of the said sub-paragraph (1) or (2), the value of the gas, and, in this paragraph and paragraph 3, “value”, in relation to gas, has the same meaning as in paragraph 9 of the said Schedule 2B.

2. Where it appears that a person has, or may have, taken a supply of gas previously conveyed by the licensee to primary sub-deduct premises in circumstances where-
 - (a) sub-paragraph (1) of paragraph 9 of Schedule 2B to the Act might have applied but for the fact that the gas was, at the time of such taking, in the course of being conveyed to secondary sub-deduct premises; or
 - (b) sub-paragraph (2) of the said paragraph 9 might have applied but for the fact that the premises to which the gas had, at that time, been conveyed were secondary sub-deduct premises, the licensee shall –
 - (i) investigate the matter; and

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- (ii) subject to the outcome of that investigation, use reasonable endeavours to recover the amount (“the specified amount”) which, if the gas had been taken in such circumstances as are mentioned in paragraph 8(2) of Schedule 2B to the Act, could reasonably be expected to have been payable in respect of that gas under a contract deemed to have been made by virtue of that subparagraph.
- 3. Where the licensee has, as required by paragraph 1 or 2, recovered, or attempted to recover, the value of the gas taken or, as the case may be, the specified amount, then any standard condition of this licence that limits, or has the effect of limiting, the charges made in pursuance of transportation arrangements or the revenue derived therefrom which is specified in a scheme designated by the Authority for the purposes of this condition shall be modified as provided in that scheme to take account of –
 - (a) the costs of any such investigation as is mentioned in paragraph 1;
 - (b) any amount recovered as so mentioned;
 - (c) the costs of any such recovery or attempted recovery so mentioned; and
 - (d) any costs to the licensee attributable to any gas being acquired, or not being disposed of, by it by reason of the taking of the gas, so as to secure that, as nearly as may be and taking one year with another, the licensee suffers no financial detriment, and acquires no financial benefit, as a result of the taking of the gas and its compliance with paragraph 1.
- 4. Paragraphs 5, 6,7 and 8 shall apply where -
 - (a) an offence under paragraph 10(1) of Schedule 2B to the Act has been, or may have been, committed at any premises and, before the matter

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has been remedied, the owner or occupier of the premises has taken a supply of gas which has been conveyed to those premises (or, where those premises are secondary sub-deduct premises, to the relevant primary sub-deduct premises) by the licensee in pursuance of arrangements made with a gas shipper;

- (b) an offence under paragraph 11(2) of the said Schedule has been, or may have been, committed at any premises (or an offence would have been, or might have been, so committed but for the fact that the premises in question are secondary sub-deduct premises) and such a supply of gas as aforesaid has been taken by the owner or occupier of the premises without the agreement of either the licensee or of a gas supplier which cut off the supply of gas or is, or is about to become, the relevant supplier; or
- (c) a supply of gas has been taken by the occupier at any premises in such circumstances as are mentioned in paragraph 8(2) of the said Schedule (or, where the premises are secondary sub-deduct premises, a supply was taken by the occupier in circumstances that would have been those mentioned in that paragraph had the gas been conveyed to the premises by the licensee) and the supplier concerned has reasonable cause to believe either that the person in question both –
 - (i) is not, or may not be, in lawful occupation of the premises; and
 - (ii) does not genuinely intend to pay charges for the gas taken,or that the person in question has ceased to be the owner or occupier of the premises and has not informed the supplier concerned of his present address,

and, in this paragraph and paragraphs 5, 6, 7 and 8, “the supplier concerned” means the relevant supplier or, in such circumstances as are mentioned in sub-paragraph (2) of paragraph 8 of the said Schedule, the appropriate supplier within the meaning of sub-paragraph (3) of that paragraph.

5. Where this paragraph applies and -

- (a) the relevant shipper has requested, or in pursuance of a contract, required the supplier concerned –
 - (i) to investigate the matter; and
 - (ii) subject to the outcome of that investigation, to use its reasonable endeavours to recover the charges to which it is entitled, whether under such a contract or deemed contract as is mentioned in paragraph 3(a) or, as the case may be, under a deemed contract arising under paragraph 8(2) of Schedule 2B to the Act or (where the premises in question are secondary sub-deduct premises) otherwise, in respect of a supply of gas taken as mentioned in paragraph 4, (“the supplier’s charges”);
- (b) the supplier concerned has complied with that request or requirement but has failed, and cannot reasonably be expected, to recover those charges; and
- (c) the relevant shipper has notified the licensee that this paragraph applies and the standard conditions in sub-paragraphs (a) and (b) have been satisfied and has done so either in writing or in such other manner as the licensee may have informed the shipper is acceptable, the licensee shall treat the amount of gas to which the supplier’s charges relate as not having been taken out of its pipe-line system by the relevant shipper for the purposes of calculating and claiming charges to be paid to it by that shipper in pursuance of the arrangements between them and shall further reduce those charges by an amount equal to that of the allowance mentioned in paragraph 6; and, accordingly, only the charges so calculated and paid shall be taken into account for the purposes of any standard

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condition of this licence which limits the charges which may be made in pursuance of transportation arrangements or the revenue derived therefrom.

6. The allowance referred to in paragraph 5 is one in respect of the reasonable cost to the supplier concerned of complying with such a request or requirement as is mentioned in paragraph 5 and of an amount calculated in accordance with principles set out in a scheme designated by the Authority for the purposes of this condition.
7. For the purposes of paragraphs 5 and 6, where, in relation to the premises in question, the same person (being a gas supplier) is both the relevant shipper and the supplier concerned –
 - (a) the standard conditions in paragraph 5(a) and (b) shall be deemed to have been satisfied if that person has:
 - (i) investigated the matter;
 - (ii) subject to the outcome of that investigation, used its reasonable endeavours to recover the supplier's charges; and
 - (iii) failed and cannot reasonably be expected to recover those charges;and
 - (b) paragraph 6 shall have effect as if the reference to the reasonable cost of complying with such a request or requirement as mentioned in paragraph 5 were a reference to the reasonable cost of such investigation and reasonable endeavours as are mentioned in sub-paragraph (a).

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8. For the purposes of paragraphs 5 and 7, the supplier concerned shall be presumed to have used its reasonable endeavours if it has acted in a manner laid down by the licensee in a document which has been –
 - (a) prepared by the licensee after consultation with relevant shippers and relevant suppliers;
 - (b) approved by the Authority; and
 - (c) drawn to the attention of such shippers and suppliers, and the licensee shall supply a copy of the document to any relevant shipper or supplier which asks for one.
9. Where paragraph 5 applies for the purposes of the calculation of charges but the charges have already been made, they shall be recalculated as provided in that paragraph and any consequential adjustment made; and in such case the words “the charges so calculated and paid” in paragraph 5 shall be construed as referring to the recalculated charges and the adjusted payments.
10. Any question arising under paragraph 5 or 7 as to whether the supplier concerned has used its reasonable endeavours to recover charges shall be determined by the Authority.
11. Subject to paragraph 12, for the purposes of this condition there shall, be rebuttable presumptions –
 - (a) that, where gas is taken at a point upstream of the outlet of the customer control valve on a service pipe, it is gas which is in the course of conveyance by the licensee; and

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- (b) that, where gas is taken at some other point, it is gas which has been conveyed to premises by the licensee.

- 12. For the purposes of this condition, there shall also be rebuttable presumptions, in relation to any secondary sub-deduct premises –
 - (a) that where gas is taken (otherwise than by a consumer to whom gas is supplied at the relevant primary premises) at a point between –
 - (i) the meter which registers the supply of gas to the relevant primary premises; and
 - (ii) the outlet of the customer control valve relating to the secondary subdeduct premises, it is gas which is in the course of being conveyed to the secondary sub-deduct premises; and
 - (b) that where gas is taken downstream of the outlet, it is gas which has been conveyed to the secondary sub-deduct premises.

- 13. The licensee shall, at the request of a relevant shipper, secure that any meter or associated installation or pipe-work connected to the licensee's pipe-line system which has been rendered unsafe or potentially unsafe as a result of –
 - (a) an offence or attempted offence under paragraph 10 of Schedule 2B to the Act; or
 - (b) the reconnection of any premises or the restoration of the supply of gas thereto in contravention of paragraph 11 of that Schedule (or, where the premises in question are secondary sub-deduct premises, such reconnection or restoration as would, but for that fact , have amounted

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to such a contravention) or any attempt so to do, is rendered safe.

14. For the purposes of paragraph 13, but subject to paragraph 15, any meter or associated installation or pipe-work connected to a pipe-line system, being a system through which gas is conveyed from primary sub-deduct premises to any secondary sub-deduct premises, shall be deemed to be connected to the licensee's pipe-line system if the licensee conveys gas to the primary sub-deduct premises.
15. Paragraph 14 shall not apply to the extent that the licensee does not have the necessary rights of entry, as against –
 - (a) the owner or occupier of any premises on which the meter or associated installation or pipe-work are situated; or
 - (b) the owner of the meter or associated installation or pipe-work, to comply with paragraph 13.

Condition 8. Provision and Return of Meters

1. Subject to paragraph 2, the licensee shall comply with any reasonable request by a relevant shipper (or a gas shipper who is about to become such a shipper) to provide and install at the premises of a domestic customer a gas meter owned by it and of a type specified by the shipper subject, however, to a meter of that type being reasonably available to the licensee and the shipper agreeing to pay its charges in respect of the meter.
2. Paragraph 1 shall not apply where –
 - (a) the premises in question are secondary sub-deduct premises; and
 - (b) the owner or occupier of the premises has not agreed that the licensee may enter the premises for the purpose of removing the meter when the owner or occupier no longer requires the meter or the supply of gas.
3. Where any gas meter owned by the licensee is disconnected by, or returned to, the licensee it shall promptly make an appropriate record of the details displayed on the register of the meter at the time of disconnection or return and of such other information in its possession as shall subsequently enable the identity of, and the date of disconnection or return of, the meter and the premises from which it was disconnected to be ascertained, and shall keep such a record for a period of not less than 2 years from the date of the disconnection or return, whichever is the later.

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4. Where the licensee has reasonable cause to believe that any gas meter owned by it and disconnected by, or returned to, it is or may be relevant to –
 - (a) any investigation, proceedings or possible proceedings relating to the alleged theft of gas by any person or to an alleged offence under paragraph 10(1) of Schedule 2B to the Act; or
 - (b) any dispute as to the accuracy of the meter, the licensee shall use all reasonable endeavours to keep the meter in safe custody in the standard condition in which it was when disconnected or returned and with the register unaltered –
 - (i) during the period of 6 months beginning with the date on which the meter was disconnected or returned, for as long as the licensee continues to have reasonable cause to believe that the meter is or may be so relevant; and
 - (ii) thereafter, for as long as, to the licensee's knowledge, the meter is so relevant.
5. When the licensee receives, in connection with a proposed connection or disconnection of a meter, such a notice as is mentioned in sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act or receives information in pursuance of subparagraph (3) of that paragraph, it shall promptly give the relevant shipper a copy thereof and furnish it with any further information relating to the meter which is requested by the shipper and which the licensee either has or may readily obtain.
6. Where the record kept by the licensee under paragraph 8 of standard condition 5 (System Development Obligations) shows that a relevant supplier has supplied gas to particular premises for less than 2 years and that the supplier

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has not, since it began to supply gas to those premises, secured an inspection of the meter for the purposes of standard condition 17 (Reading, Inspection and Testing of Meters) of the standard conditions of Gas Suppliers' licences as incorporated in its licence, the licensee shall give to the relevant shipper, for transmission to the supplier (except where the recipient of the notice is itself the supplier), not less than 4 months' notice of the date by which the next such inspection should be carried out, being a date falling not more than 2 years after the date shown in the licensee's record as the date of the last such inspection or, if later, 5 months after the licensee is informed that the supplier has begun to supply gas to the premises.

7. For the purposes of paragraph 1, reference to a "relevant shipper" (and to a gas shipper who is about to become such a shipper) includes a gas supplier who is also the holder of the licence held by such a shipper.

Condition 9. Network Code

1. The licensee shall establish transportation arrangements in respect of matters other than those to which standard conditions 4 (Charging Gas Shippers - General) and 4A (Obligations as Regards Charging Methodology) relate which are calculated, consistently with the licensee's duties under section 9 of the Act, to facilitate the achievement of the following objectives –
 - (b) the efficient and economic operation by the licensee of its pipe-line system;
 - (b) so far as is consistent with sub-paragraph (a), the efficient discharge of its obligations under this licence;
 - (c) so far as is consistent with sub-paragraphs (a) and (b), the securing of effective competition between relevant shippers and between relevant suppliers; and
 - (d) so far as is so consistent, the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards (within the meaning of paragraph 4 of standard condition 32A (Security of Supply – Domestic Customers) of the standard conditions of Gas Suppliers' licences) are satisfied as respects the availability of gas to their domestic customers, hereinafter referred to as “the code relevant objectives”.

2. The licensee shall –
 - (a) prepare a document (in this licence referred to as 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) the

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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 4C (Charging Gas Shippers – Supplemental Connection Charges) 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) furnish the Authority with a copy thereof.
3. Where a provision of the Network Code requires that, in circumstances specified in the provision, a determination by the licensee in pursuance of that provision in a particular case should be such as is calculated to facilitate the achievement of the code relevant objectives, any question arising thereunder as to whether the licensee has complied with that requirement shall be determined by the Authority.
 4. The licensee shall establish and operate such procedures as are mentioned in paragraph 5 for the modification of the Network Code so as to better facilitate, consistently with the licensee's duties under section 9 of the Act, the achievement of the code relevant objectives.
 5. The procedures referred to in paragraph 4 shall be such as provide for -
 - (a) the reviewing of the Network Code;
 - (b) the making of proposals for its modification either by the licensee or by a relevant shipper;
 - (c) the giving of adequate publicity to any such proposal including, in particular, drawing it to the attention of all relevant shippers and sending a copy of the proposal to any gas shipper or other person who asks for one;

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- (d) the seeking of the views of the Authority on any matter connected with any such proposal;
 - (e) the consideration of any representations relating to such a proposal made (and not withdrawn) by a relevant shipper or by any gas shipper or other person likely to be materially affected were the proposal to be implemented, and
 - (f) where the Authority accepts that the Network Code 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.
2. The licensee shall –
- (a) prepare a document (“the code modification rules”) setting out the procedures established in pursuance of paragraph 4, and shall furnish the Authority with a copy thereof;
 - (b) not make any change in the code modification rules except -
 - (i) after consulting all relevant shippers and considering any representations made by such a shipper;
 - (ii) after furnishing the Authority with a report on such consultation and its consideration of any such representations; and
 - (iii) with the consent of the Authority, and
 - (c) furnish the Authority with a copy of any change which is made.

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7. The licensee shall not make any modification to the Network Code except -
- (a) to comply with paragraph 9(b) or 10; or
 - (b) with the consent of the Authority,
- and shall furnish the Authority with a copy of any modification made.
8. Where 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 its pipe-line system and a modification to the Network Code could, consistently with the code relevant objectives, appropriately deal with the matter, the licensee shall propose such a modification in accordance with the code modification rules, and any requirement that a modification be such as to better facilitate the achievement of the code relevant objectives shall be treated as met if the modification is consistent with those objectives.
9. Where a proposal is made in accordance with the code modification rules to modify the Network Code, the licensee shall –
- (a) as soon as is reasonably practicable, give notice to the Authority -
 - (i) giving particulars of the proposal;
 - (ii) where the proposal is made by a relevant shipper, drawing attention to any alternative proposal to modify the Network Code in respect of the same matter which has been made by the licensee;
 - (iii) giving particulars of any representations by a gas shipper or other person with respect to those proposals;

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- (iv) stating whether, in the licensee's opinion, any proposed modification should or should not be made;
 - (v) stating the factors which, in its opinion, justify the making or not making of a proposed modification; and
 - (vi) giving such further information as may be required to be given to the Authority by the code modification rules, and
- (b) comply with any direction given by the Authority to make a modification to the Network Code in accordance with a proposal described in a notice given to the Authority under sub-paragraph (a) which, in the opinion of the Authority, will, as compared to the existing provisions of the Network Code or any alternative proposal, better facilitate, as mentioned in paragraph 4, the achievement of the code relevant objectives.
10. 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 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 condition 4E (Requirement to Enter into Transportation Arrangements in Conformity with Network Code).
11. The licensee shall -
- (a) prepare and publish a summary of the Network Code and of the code modification rules as modified or changed from time to time in such form and manner as the Authority may from time to time direct; and
 - (b) send a copy of the Network Code as modified from time to time, or of the code modification rules as so changed, to any person who asks for

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one and makes such payment to the licensee in respect of the cost hereof
as it may require not exceeding such amount as the Authority may from
time to time approve for the purposes hereof.

12. Any question arising under the code modification rules as to –
- (a) whether a gas shipper or other person is likely to be materially affected by a proposal to modify the Network Code were it 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.
13. In this condition “transportation arrangements” includes storage arrangements which relate to the utilisation of –
- (a) an offshore gas storage installation;
 - (b) storage cavities in natural strata; or
 - (c) containers for the storage of gas in a liquid state.
14. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in paragraph 13(a), (b) or (c) and its view on that question, considers it appropriate that paragraph 13 should be modified by the omission of subparagraph (a), (b) or (c), then the subparagraph in question shall be omitted with effect from a date specified in a notice relating thereto published by the Authority for the purposes of this condition generally; and, if all three subparagraphs come to be omitted, paragraph 13 and the reference thereto in the definition of “transportation arrangements” in standard condition 1

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(Definitions and Interpretation) shall cease to have effect.

15. If and in so far as the Authority so consents, this condition shall have effect as if the definition of “transportation arrangements” in standard condition 1 (Definitions and Interpretation) referred only to gas consisting wholly or mainly of methane.

Condition 10

Not used

Condition 11

Not used

Condition 12

Not used

Condition 13. Change Co-ordination for the Utilities Act 2000

1. The licensee shall take all reasonable measures to secure and implement, and shall not take any steps to prevent or unduly delay, such changes to the industry framework documents as are necessary or expedient to give full and timely effect to the provisions of the Utilities Act 2000.
2. In complying with paragraph 1, the licensee shall act in the case of each industry framework document consistently with the change procedures currently applicable to that document, except where to do so would be inconsistent with any provision of the Utilities Act 2000, in which event that provision shall take precedence.
3. For the purposes of this condition, “industry framework document” means, subject to paragraph 4, any of the following documents to which the licensee is a party, or in relation to which it holds rights in respect of amendment or termination, together with any documents which are supplemental or ancillary thereto –
 - (a) the Network Code(s), and its ancillary documents to that code, including -
 - The Operational Guidelines
 - Energy Balancing Credit Rules
 - Code Credit Rules
 - Invoice Query Estimation Methodology
 - Transco’s Maintenance Programme
 - National Gas Supply Emergency Procedures
 - Operations Reporting Manual
 - Validation Rules
 - UK Link Manual
 - LDZ Shrinkage Adjustments Methodology

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- (b) Agreements relating to Quantum Office
 - (c) Advanced Reservation Capacity Agreements
 - (d) Network Exit Agreements
 - (e) Network Entry Agreements
4. Where the Authority considers that the list of industry framework documents set out in paragraph 3 should be modified for the purposes of this condition generally, the licensee shall discuss any proposed modification (including addition) to the list in good faith and use all reasonable endeavours to agree such modification with the Authority.
5. This condition shall cease to have effect on 30 June 2002 or such earlier date as the Authority may specify in a direction given for the purposes of this condition generally.

Condition 14. The Supply Point Administration Agreement

1. The licensee shall become a party to and thereafter comply with those provisions of the Supply Point Administration Agreement relevant to it.

Condition 15.

Not used

Condition 16. Pipe-Line System Security Standards

1. The licensee shall, subject to section 9 of the Act, plan and develop its pipe-line system so as to enable it to meet, having regard to its expectations as to –
 - (a) the number of premises to which gas conveyed by it will be supplied;
 - (b) the consumption of gas at those premises; and
 - (c) the extent to which the supply of gas to those premises might be interrupted or reduced (otherwise than in pursuance of such a term as is mentioned in paragraph 3 of standard condition 14 (Security and emergency arrangements) of the standard conditions of gas suppliers' licences or of directions given under section 2(1)(b) of the Energy Act 1976) in pursuance of contracts between any of the following persons, namely, a gas transporter, a gas shipper, a gas supplier and a customer of a gas supplier,

the gas security standard mentioned in paragraph 2.

2. The gas security standard referred to in paragraph 1 is that the licensee's pipe-line system (taking account of such operational measures as are available to the licensee including, in particular, the making available of stored gas) meets the peak aggregate daily demand for the conveyance of gas for supply to premises which the licensee expects to be supplied with gas conveyed by it –
 - (a) which might reasonably be expected if the supply of gas to such premises were interrupted or reduced as mentioned in paragraph 1(c); and
 - (b) which, (subject as hereinafter provided) having regard to historical weather data derived from at least the previous 50 years and other relevant factors, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years,

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so, however, that if, after consultation with all gas suppliers, gas shippers and gas transporters, with the Health and Safety Executive and with the Consumer Council, the Authority is satisfied that security standards would be adequate if sub-paragraph (b) were modified by the substitution of a reference to data derived from a period of less than the previous 50 years or by the substitution of some higher probability for the probability of 1 year in 20 years, the Authority may, subject to paragraph 3, make such modifications by a notice which –

- (i) is given and published by the Authority for the purposes of this condition generally; and
 - (ii) specifies the modifications and the date on which they are to take effect.
3. Paragraph 2(b) shall only be modified if, at the same time, the Authority makes similar modifications to –
 - (a) paragraph 6(b) of standard condition 14 (Security and Emergency Arrangements) and paragraph 5(a) of standard condition 32A (Security of Supply – Domestic Customers) of the standard conditions of gas suppliers' licences; and
 - (b) sub-paragraph (b) of the definition of “security standards” in standard condition 1 (Definitions and Interpretation) of the standard conditions of gas shippers' licences.
4. For the purposes of paragraph 1, the licensee may have regard to information received from the operator of a pipe-line or pipe-line system to which it conveys gas as respects the quantity of gas which it expects to require.

Condition 17. Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick: Arrangements in Respect of Meters

1. Where a relevant shipper or a gas shipper who is about to become such a shipper has -
 - (a) in pursuance of paragraph 4(j) of standard condition 11 (Supply and Return of and Information etc Relating to, Gas Meters) of the standard conditions of gas shippers' licences as incorporated in its licence, transmitted to the licensee a request for the repositioning of a meter owned by the licensee; and
 - (b) undertaken to pay the licensee's reasonable expenses in complying with the request,

then, so far as it is reasonably practicable and appropriate so to do, the licensee shall comply with the request.

2. For the purposes of paragraph 1, reference to a "relevant shipper" (and to a gas shipper who is about to become such a shipper) include a gas supplier who is also the holder of the licence held by such a shipper; and accordingly, the reference in paragraph 1(a) to a request transmitted by a relevant shipper under paragraph 4(j) of standard condition 11 (Supply and Return of and Information etc Relating to, Gas Meters) of the standard conditions of gas shippers' licences as incorporated in its licence shall, where appropriate, be construed as a reference to a request transmitted direct to the licensee by such a gas supplier under paragraph 2(b)(iii) of standard condition 37 (Provision of Services for Person who are of Pensionable Age or Disabled or Chronically Sick) of the standard conditions of gas suppliers' licences as incorporated in its licence.

Condition 18. Provision of Services for Persons who are Blind or Deaf

1. The licensee shall, no later than 1 November 2001, prepare and submit to the Authority for its approval a code of practice detailing the special services the licensee will make available for domestic customers who are disabled by virtue of being blind or partially sighted, or deaf or hearing impaired.
2. The code of practice shall include arrangements by which the licensee will, on request, in each case free of charge:
 - (a) make available to blind and partially sighted customers a facility for enquiring or complaining about any service provided by the licensee, by telephone or other appropriate means; and
 - (b) make available to deaf and hearing impaired customers, being in possession of appropriate equipment, facilities to assist them in enquiring or complaining about any service provided by the licensee.
3. This condition is subject to the provisions of standard condition 22 (Preparation, Review of and Compliance with Statements and Codes).

Condition 19. Arrangements in Respect of Powers of Entry

1. The licensee shall, in respect of both domestic and non-domestic premises, prepare and submit to the Authority for its approval a statement of its proposed arrangements in respect of the steps mentioned in standard condition 19A (Authorisation of Officers).
2. In the case of an extension of this licence, the licensee shall ensure that the arrangements remain sufficient for the purposes of satisfying standard condition 19A (Authorisation of Officers), and shall make, subject to paragraph 4, any necessary changes.
3. The licensee shall use its best endeavours to ensure, so far as is reasonably practicable, that it conducts itself in conformity with the arrangements made in pursuance of paragraph 1.
4. This condition is subject to the provisions of standard condition 22 (Preparation, Review of and Compliance with Statements and Codes).

Condition 19A. Authorisation of Officers

1. The arrangements referred to in standard condition 19 (Arrangements in Respect of Powers of Entry) shall provide for the taking of all reasonable steps-
 - (a) for the purpose of securing compliance with paragraph 28(1) of Schedule 2B to the Act;
 - (b) for the purpose of securing that any officer authorised for the purpose of any provision of Schedule 2B to the Act possesses appropriate expertise to perform the particular tasks that he will be required to undertake under the provision in question;
 - (c) for securing that a member of the public may readily confirm the identity or authority of an officer so authorised;
 - (d) for securing that identity cards, uniforms, liveried vehicles and other things carried, worn or used by an officer so authorised which confirm or suggest that he may be such an officer are not misused;
 - (e) for securing that all officers so authorised by the licensee comply with the provisions of the Rights of Entry (Gas and Gas Boards) Act 1954; and
 - (f) for securing that where, in relation to any premises -
 - (i) a power of entry would be conferred on the licensee by Schedule 2B to the Act but for the fact that the premises in question are secondary sub-deduct premises, but

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- (ii) rights have been obtained by the relevant supplier or the relevant shipper which provide, as nearly as may be, for the licensee to enter the premises in question on the same basis as where such a power would be so conferred,

the licensee complies, in relation to any entry of the premises in accordance with those rights, with the requirements imposed on gas transporters by paragraph 28(1) of the said Schedule 2B, and the requirements of sub-paragraphs (b) to (d) are complied with in relation to any officer authorised by the licensee to enter the premises as if the officer were authorised for the purposes of the appropriate provision of that Schedule.

2. Except in so far as the Authority otherwise consents, if any officer authorised for the purpose of any provision of Schedule 2B to the Act, or by the licensee as mentioned in sub-paragraph 1(f) in relation to any premises, or premises of any description or situated in any area, is an officer or servant of an agent of the licensee, the licensee shall inform the relevant shipper, naming the agent in question.

Condition 19B. Exercise of Powers of Entry

1. As respects the exercise of the powers of entry conferred by Schedule 2B to the Act or such rights obtained as mentioned in sub-paragraph 1(f) of standard condition 19A (Authorisation of Officers), the licensee shall use its reasonable endeavours to avoid undue disturbance to owners or occupiers of premises as a result of visits being made to their premises by authorised officers of different licence holders exercising powers of entry for like purposes.

Condition 20. Standards of Performance

8. Where the licensee is required by this licence or any provision of Regulations made under section 33AA of the Act to make a compensation payment to a customer it shall be sufficient compliance with this licence or that provision for the licensee to make the payment to the relevant shipper in such a manner and form as to ensure that the relevant shipper is aware that the payment is for onward transmission via the relevant supplier to the customer.

Condition 21. Complaint Handling Procedure

1. The licensee shall, no later than 1 November 2001, prepare and submit to the Authority for its approval a code of practice detailing the procedure for handling complaints from domestic customers about the manner in which the licensee conducts its transportation business.
2. Any procedure established in accordance with this condition shall specify the periods within which it is intended that different descriptions of complaint should be processed and resolved.
3. This condition is subject to the provisions of standard condition 22 (Preparation, Review of and Compliance with Statements and Codes).

Condition 22. Preparation, Review of and Compliance with Statements and Codes

1. This condition applies to any statement or code of practice required to be prepared by the licensee pursuant to standard conditions 18 (Provision of Services for Persons who are Blind or Deaf), 19 (Arrangements in Respect of Powers of Entry) and 21 (Complaint Handling Procedure) of this licence.
2. In first preparing such statement or code the licensee shall, prior to submitting the statement or code to the Authority, consult the Consumer Council and shall have regard to any representations made by the Consumer Council about such statement or code or the manner in which it is likely to be operated.
3. Where before the expiry of 30 days of the licensee first submitting such statement or code to the Authority for its approval the Authority notifies the licensee that the Authority considers the statement or code is not sufficient for the purposes of meeting the requirements of this licence the licensee shall forthwith make such changes as the Authority may require.
4. The licensee shall, whenever requested to do so by the Authority, review such statement or code and the manner in which it has been operated, with a view to determining whether any modification should be made to it or to the manner of its operation.
5. In carrying out any such review the licensee shall consult the Consumer Council and shall have regard to any representations made by the Consumer Council about such statement or code or the manner in which it is likely to be or (as the case may be) has been operated.
6. The licensee shall submit any revision of such statement or code which, after consulting the Consumer Council in accordance with paragraph 5, the licensee

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wishes to make, to the Authority for its approval and following its approval in writing shall then revise the statement or code.

7. The licensee shall –
 - (a) as soon as practicable following the preparation of the statement or code or any revision made to it send to the Authority and the Consumer Council a copy of such statement or code or such revision (in each case in the form approved by the Authority);
 - (b) at least once in each year, draw the attention of those customers to whom such statement or code applies to the existence of the statement or code and of each substantive revision of it and to the means by which a copy of such statement or code may be inspected in its latest form, in such manner as in the reasonable opinion of the licensee will give adequate publicity to it; and
 - (c) give or send free of charge a copy of such statement or code (as from time to time revised) to any person who requests it.
8. No changes may be made to any statement or code otherwise than in accordance with the above procedures.
9. The licensee shall ensure, so far as reasonably practicable, that it complies with such arrangements or procedures (as the case may be) as are contained in or described by any statement or code to which this condition applies and approved by the Authority or any revision to such statement or code approved by the Authority.

Condition 23. Record of and Report on Performance

1. The licensee shall keep a record of its general operation of the arrangements mentioned in standard conditions 18 to 22 and if the Authority so directs in writing, of its operation of any particular cases specified, or of a description specified, by the Authority.
2. The licensee shall keep a statistical record of its performance in relation to the provision of services to domestic customers.
3. The licensee shall, from time to time as required by the Authority, provide to the Authority and to the Consumer Council such of the information contained in the records prepared in accordance with paragraphs 1 and 2 as the Authority may request in writing.
4. As soon as is reasonably practicable after the end of each calendar year, the licensee shall submit to the Authority and the Consumer Council a report dealing with the matters mentioned in paragraphs 1 and 2 in relation to that year and shall:
 - (a) publish the report so submitted in such manner as will in the reasonable opinion of the licensee secure adequate publicity for it; and
 - (b) send a copy of it free of charge to any person requesting one,except that, in performing its obligations under sub-paragraphs 4(a) and (b), the licensee shall exclude from the report such information as appears to it to be necessary or expedient to ensure that, save where they consent, individual domestic customers referred to therein cannot readily be identified.

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5. The report shall be presented, so far as is reasonably practicable, in a standard form designated by the Authority for the purposes of this condition.

Condition 24. Provision of Information to the Authority

1. Subject to paragraphs 5 and 7, the licensee shall furnish the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports, as the Authority may reasonably require or as may be necessary for the purpose of performing –
 - (a) the functions conferred on the Authority by or under the Act; and
 - (b) any functions transferred to or conferred on the Authority by or under the Utilities Act 2000.

2. The licensee shall procure from each company or other person which is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in a form specified by the Authority that that ultimate controller (“the information covenantor”) will give to the licensee, and will procure that any person (including, without limitation, a corporate body) which is a subsidiary of, or is controlled by, the information covenantor (other than the licensee and its subsidiaries) will give to the licensee, all such information as may be necessary to enable the licensee to comply fully with the obligation imposed on it in paragraph 1. Such undertaking shall be obtained within 7 days of such corporate body or the other person in question becoming an ultimate controller of the licensee and shall remain in force for so long as the licensee remains the holder of this licence and the information covenantor remains an ultimate controller of the licensee.

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3. The licensee shall deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with the obligation to procure undertakings pursuant to paragraph 2, and shall comply with any direction from the Authority to enforce any undertaking so procured.
4. The licensee shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee where the ultimate controller is a corporate body or any of the subsidiaries of such a corporate ultimate controller (other than the subsidiaries of the licensee) at a time when:
 - (a) an undertaking complying with paragraph 2 is not in place in relation to that ultimate controller; or
 - (b) there is an unremedied breach of such undertaking; or
 - (c) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 3 of this condition.
5. The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of its functions under section 34 of the Act.
6. The licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information or advice (so far as relating to its activities as holder of a gas transportation licence) which the Authority proposes to publish pursuant to section 35 of the Act.

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7. This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.
8. The power of the Authority to call for information under this condition is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.
9. In this condition “transportation business” includes storage arrangements which relate to the utilisation of—
 - (a) an offshore gas storage installation;
 - (b) storage cavities in natural strata; or
 - (c) containers for the storage of gas in a liquid state
10. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in paragraph 9(a), (b) or (c) and its view on that question, considers it appropriate that paragraph 9 should be modified by the omission of sub-paragraph (a), (b) or (c), then the sub-paragraph in question shall be omitted with effect from a date specified in a notice relating thereto published by the Authority for the purposes of this condition generally; and, if all three subparagraphs come to be omitted, paragraph 9 and the reference thereto in the definition of “transportation business” in standard condition 1 (Definitions and Interpretation) shall cease to have effect.

Condition 25. Long Term Development Statement

1. The licensee shall comply with a direction given by the Authority to prepare a statement in such form as may be specified in the direction giving, with respect to each of the 10 succeeding years beginning with 1st October, such information by way of forecasts of –

- (a) the use likely to be made of any individual pipe-line system which includes high pressure pipe-lines operated by the licensee and of any such facilities as are mentioned in paragraph 6; and
- (b) the likely developments of that system and those facilities which the licensee expects from time to time to be taken into account in determining the charges for making connections to that system and in pursuance of transportation arrangements,

as it is reasonably practicable for the licensee to provide and which will assist a person who contemplates -

- (i) seeking the connection of a pipe-line of his to the licensee's pipe-line system;
- (ii) entering into transportation arrangements with the licensee; or
- (ii) seeking the connection of the licensee's pipe-line system to premises which would reasonably be expected to be supplied with gas at a rate exceeding 2,196,000 kilowatt hours a year,

in identifying and evaluating the opportunities for doing so.

2. Except in so far as the Authority consents to the licensee not doing so, the licensee shall on an annual basis prepare a revision of any statement prepared under paragraph 1 so as to ensure that, so far as is reasonably practicable, the information in the revised statement is up to date.

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3. The licensee shall, subject to any requirement to comply with the listing rules (within the meaning of Part IV of the Financial Services Act 1986) of The Stock Exchange and with paragraph 4 below –
 - (a) furnish the Authority with a copy of the statement prepared under paragraph 1 and of each revision of the statement prepared under paragraph 2;
 - (b) in such form and manner as the Authority may direct, publish such a summary of the statement or, as the case may be, of a revision of the statement as will assist a person in deciding whether to ask for a copy of the version mentioned in sub-paragraph (c); and
 - (c) prepare a version of the statement or revision which excludes, so far as is practicable, any such matter as is mentioned in paragraph 4 and send a copy thereof to any person who asks for one and makes such payment to 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.
4. In complying with the requirements of paragraph 3(b), the licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to the affairs of a person where the publication of that matter would or might seriously and prejudicially affect his interests.
5. Any question arising under paragraph 4 as to whether the publication of some matter which relates to the affairs of a person would or might seriously and prejudicially affect his interests shall be determined by the Authority.
6. In this condition “transportation arrangements” includes storage arrangements which relate to the utilisation of –

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- (a) an offshore gas storage installation;
 - (b) storage cavities in natural strata; or
 - (c) containers for the storage of gas in a liquid state.
7. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in paragraph 6(a), (b) or (c) and its view on that question, considers it appropriate that paragraph 6 should be modified by the omission of subparagraph (a), (b) or (c), then the subparagraph in question shall be omitted with effect from a date specified in a notice relating thereto published by the Authority for the purposes of this condition generally; and, if all three subparagraphs come to be omitted, paragraph 6 and the reference thereto in the definition of “transportation arrangements” in standard condition 1 (Definitions and Interpretation) shall cease to have effect.

Condition 26. Not used

Condition 27. Adjustment of Amounts by Reference to the Retail Price Index

1. Where it is provided in these standard conditions that an amount (“the unadjusted amount”) shall be adjusted in accordance with this condition, the adjusted amount shall be the unadjusted amount multiplied by the appropriate factor mentioned in paragraph 2.
2. The appropriate factor referred to in paragraph 1 shall be obtained by dividing the retail price index for the first month of the year beginning with an anniversary of 1 October 2001 which includes the date by reference to which the adjustment falls to be made by the retail price index for the month beginning with 1 October 2001.
3. Any reference in this condition to the retail price index is a reference to the general index of retail prices (for all items) published by The Office for National Statistics; and if that index is not published for any month that reference shall be read as a reference to any substituted index or index figures published by that office for that month.

Condition 28. Termination of Shipping Arrangements

1. The licensee shall keep each relevant supplier informed of the terms which, from time to time, are specified terms for the purposes of standard condition 24B (Undertaking to be Given by Licensee to Relevant Transporter in Respect of Shipping Charges etc) of the standard conditions of gas suppliers' licences as incorporated in that supplier's licence.

2. Paragraph 3 shall apply where –
 - (a) the arrangements between the licensee and a gas shipper for the conveyance of gas to any premises (“the old arrangements”) have been terminated or expired by effluxion of time and have not been replaced by arrangements made with that or another gas shipper for the like purpose;

 - (b) by reason of sub-section (8) of section 10 of the Act (premises likely to be supplied with gas, subject to section 8A(1), in excess of 2,196,000 kilowatt hours in a twelve-month period) the licensee cannot be required (under subsection (3) of that section) to maintain the connection of the premises mentioned in sub-paragraph (a) to its pipe-line system; and

 - (c) the old arrangements did not permit of the licensee interrupting the conveyance of gas to the premises mentioned in sub-paragraph (a) (otherwise than in a pipe-line system emergency within the meaning of paragraph 1 of standard condition 15 (Security and emergency arrangements) of the standard conditions of gas suppliers' licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976).

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3. Where this paragraph applies, the licensee shall not, by reason only of the circumstances mentioned in paragraph 2(a), disconnect the premises mentioned in subparagraph (a) of paragraph 2 –
 - (a) if and so long as it has reasonable cause to be satisfied that it can expect that such payments as are mentioned in paragraph 4 will be made to it in respect of gas taken out of its pipe-line system for supply to the premises mentioned in sub-paragraph (a) of paragraph 2, and
 - (b) unless the licensee has given 48 hours notice to the owner or the occupier of the premises mentioned in sub-paragraph (a) of paragraph 2 and to any person who, to the knowledge of the licensee, has contracted to supply gas to those premises.
4. The payments referred to in paragraph 3(a) are ones which, as nearly as may be, are the same as those which would have been attributable to the taking out of the gas for supply to the premises mentioned in sub-paragraph (a) of paragraph 2 and due under the old arrangements if they had remained in force and had the gas shipper not, thereafter, introduced any gas into the licensee's pipe-line system nor made arrangements to do so.
5. Where the premises mentioned in sub-paragraph (a) of paragraph 2 are secondary sub-deduct premises, the references to arrangements in paragraph 2(a) shall be construed as references to sub-deduct arrangements; and references in this condition to "the old arrangements" shall be construed accordingly.

Condition 29. Disposal of Assets

1. The licensee shall not dispose of or relinquish operational control over any transportation asset or storage asset otherwise than in accordance with the following paragraphs of this condition.
2. Save as provided in paragraph 3, the licensee shall give to the Authority not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any transportation asset or storage asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset.
3. Notwithstanding paragraphs 1 and 2, the licensee may dispose of or relinquish operational control over a transportation asset or storage asset –
 - (a) where:
 - (i) the Authority has issued directions for the purposes of this condition generally containing a general consent (whether or not subject to conditions) to:
 - (aa) transactions of a specified description; or
 - (bb) the disposal of or relinquishment of operational control over an asset of a specified description; and
 - (ii) the transaction or the assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject;
or

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- (b) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation.
- 4. Notwithstanding paragraph 1, the licensee may dispose of or relinquish operational control over any transportation asset or storage asset as is specified in any notice given by the licensee under paragraph 2 where:
 - (a) the Authority confirms in writing that it consents to such disposal or relinquishment (which consent may be made subject to acceptance, by the licensee or any third party in favour of whom the asset is proposed to be disposed or operational control is proposed to be relinquished to, of such conditions as the Authority may specify); or
 - (b) the Authority does not inform the licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in paragraph 2.
- 5. If the transportation asset comprises a significant part of the gas conveyance system in Great Britain, notwithstanding that the disposal of or relinquishment of operational control over the asset is permitted under paragraph 3 or 4, the licensee shall notify the Secretary of State at least 60 days in advance of the proposed disposal of or relinquishment of operational control over the asset; and if the Secretary of State directs the licensee, within 30 days of such notification, not to proceed with the disposal of or the relinquishment of operational control over the asset, the licensee shall comply with the direction.

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6. In this condition -

“disposal” means -

- (a) in relation encumbrance to subsist or any other disposition;
- (b) in relation floating charge to a third party, or the grant of any servitude right, wayleave or any other transaction or event which is capable under any enactment or rule of law of affecting the title to a registered interest in land and “dispose” and cognate expressions shall be construed accordingly;

“storage asset” means –

- (a) an offshore gas storage installation;
- (b) storage cavities in natural strata;
- (c) containers for the storage of gas in a liquid state, or anything used in connection with the provision of such facilities;

“transportation asset” means any part of the licensee’s pipe-line system or any part of any facility being one –

- (i) used by the licensee only for the diurnal storage of gas or for the storage of gas in connection with the operation of its independent systems; and
- (ii) required for the proper performance of its duty under section 9(1) of the Act,

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together with any estate or interest in land required for the utilisation of that system or of such a facility.

7. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons and to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in sub-paragraph (a), (b) or (c) of the definition of “storage asset” in paragraph 6 and its view on that question, considers it appropriate that that definition should be modified by the omission of sub-paragraph (a), (b) or (c), then the sub-paragraph in question shall be omitted with effect from a date specified in a notice relating thereto published by the Authority for the purposes of this condition generally.

Condition 30. Regulatory Accounts

1. The following paragraphs of this condition apply for the purpose of ensuring that the licensee (and any affiliate or related undertaking) maintains accounting and reporting arrangements which enable regulatory accounts to be prepared for the consolidated transportation business and showing the financial affairs of the consolidated transportation business.

2. The licensee shall:
 - (a) keep or cause to be kept for the period referred to in section 222(5)(b) of the Companies Act 1985 and in the manner referred to in that section such accounting records in respect of the consolidated transportation business so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the consolidated transportation business are separately identifiable in the accounting records of the licensee (and any affiliate or related undertaking) from those of any other business of the licensee;
 - (b) prepare on a consistent basis from such accounting records in respect of:
 - (i) each financial year, accounting statements comprising a profit and loss account, a statement of total recognised gains and losses, a balance sheet, and a cash flow statement, together with notes thereto, and showing separately in respect of the consolidated transportation business and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has either:
 - (aa) charged from or to any other business together with a description of the basis of that charge; or

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- (bb) determined by apportionment or allocation between the consolidated transportation business and any other business together with a description of the basis of the apportionment or allocation; and
 - (ii) the first six months of each financial year, an interim profit and loss account; and
 - (iii) each financial year, sufficient accounting information in respect of the consolidated transportation business to allow the preparation of consolidated accounting statements of the licensee or, where applicable, the ultimate controller. Such information shall include a profit and loss account, a statement of total recognised gains and losses, a balance sheet, and a cash flow statement together with notes thereto;
- (c) procure, in respect of the accounting statements prepared in accordance with this condition in respect of each financial year, a report by the auditors and addressed to the Authority stating whether in their opinion those statements have been properly prepared in accordance with this condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the consolidated transportation business to which the statements relate; and
- (d) deliver to the Authority a copy of the account referred to in subparagraph (b)(ii), the auditors' report referred to in subparagraph (c), the accounting statements referred to in subparagraph (b)(i) and the accounting information referred to in subparagraph (b)(iii), as soon as reasonably practicable, and in any event not later than three months after the end of the period to which it relates in the case of the account

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- (e) referred to in sub-paragraph (b)(ii) and six months after the end of the financial year to which they relate in the case of the accounting statements, auditors' report and accounting information referred to in sub-paragraphs (b)(i), (b)(iii) and (c).
3. Unless the Authority so specifies in directions issued for the purposes of this condition, or with the Authority's prior written approval, the licensee shall not in relation to the accounting statements in respect of a financial year change the bases of charge or apportionment or allocation referred to in sub-paragraph 2(b)(i) from those applied in respect of the previous financial year.
4. Where, in relation to the accounting statements in respect of a financial year, the licensee has changed such bases of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the licensee shall, if so directed in directions issued by the Authority, in addition to preparing accounting statements on those bases which it has adopted, prepare such accounting statements on the bases which applied in respect of the immediately preceding financial year.
5. Accounting statements and information in respect of a financial year prepared under subparagraph 2(b)(i) and (b)(iii) shall, so far as reasonably practicable and unless otherwise approved by the Authority having regard to the purposes of this condition:
- (a) have the same content and format as the statutory accounts of the licensee prepared under section 226 and, where appropriate, section 227 of the Companies Act 1985 and conform to the best commercial accounting practices including all relevant accounting standards issued or adopted by the Accounting Standards Board currently in force;
- (b) state the accounting policies adopted; and

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- (c) with the exception of the part of such statements and information which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively, be published with the statutory accounts of the licensee.
6. Unless the accounting statements and information prepared under subparagraph 2(b)(i) and (b)(iii) are prepared on the current cost basis as provided by the alternative accounting rules, the licensee shall, unless otherwise agreed by the Authority, in addition to preparing those accounting statements under that paragraph, prepare accounting statements for the consolidated transportation business covering the same period, which shall comprise and show separately:
- (a) a profit and loss account, statement of total recognised gains and losses, a balance sheet, and a cash flow statement, together with notes thereto, which shall:
 - (i) include in respect of current cost assets amounts determined on the current cost basis as provided by the alternative accounting rules; and
 - (ii) show or disclose the information and other matters required by the alternative accounting rules to be shown or disclosed in accounts where the amounts included in respect of assets covered by any items shown in those accounts have been determined on any basis mentioned in paragraph 31 of section C of Part II of Schedule 4 to the Companies Act 1985;
 - (b) in respect of the consolidated transportation business the adjusted amount of any such provision for depreciation as is referred to in paragraph 32(2) of section C of Part II of Schedule 4 to the Companies

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Act 1985 and the items shown in the profit and loss account of the consolidated transportation business for the relevant period which are affected by the determination of amounts on the current cost basis as provided by the alternative accounting rules, including the profit (or loss) before taxation; and

- (c) such other current cost information as is referred to in the handbook as the Authority may reasonably require;

and shall deliver the same, together with an auditors' report prepared in relation to the current cost basis accounting statements in the form referred to in subparagraph 2(c), to the Authority within the time limit referred to in subparagraph 2(d), and shall (with the exception of the part of such statements and information which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively) publish the same with the statutory accounts of the licensee.

7. References in this condition to costs or liabilities of, or reasonably attributable to, the consolidated transportation business shall be construed as excluding taxation and capital liabilities which do not relate principally to the consolidated transportation business, and interest thereon; and references to any profit and loss account shall be construed accordingly.
8. Without prejudice to paragraph 5 of the terms of this licence, references in this condition to sections of the Companies Act 1985 are references to those provisions as amended, substituted or inserted by the relevant provisions of the Companies Act 1989 and if such provisions of the Companies Act 1989 are not in force at the date of grant of this licence shall be construed as if such provisions were in force at such date.
9. For the purposes of paragraph 6:

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“alternative accounting rules” means the rules set out in section C of Part II of Schedule 4 to the Companies Act 1985.

“current cost assets” means assets of any description mentioned in paragraph 31 of section C of Part II of Schedule 4 to the Companies Act 1985.

“the handbook” means the handbook issued by the Accounting Standards Committee of the Consultative Committee of Accounting Bodies (CCAB Limited) or any successor body entitled “Accounting for the effects of changing prices: a handbook” in its current edition for the time being or in the event that no such handbook shall be in issue such guidance or publication as may be issued in replacement or substitution therefore.

10. For the purposes of this condition:

“consolidated transportation business” means the consolidation, for regulatory accounting purposes, of the businesses referred to in the definition of “transportation business” as defined in standard condition 1 (Definitions and Interpretation).

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“regulatory accounts”

means the accounts required to be prepared by the licensee pursuant to this condition.

Condition 30A. Change of Financial Year

1. The definition of “financial year” in standard condition 1 (Definitions and Interpretation) shall, for the purpose only of the statutory accounts of the licensee, cease to apply to the licensee from the date the licensee sends a notice to the Authority for that purpose.
2. Such notice:
 - (a) shall specify the date from which, for the purpose set out at paragraph 1, the current and subsequent financial years of the licensee shall run; and
 - (b) shall continue in effect until revoked by the licensee issuing a further notice.
3. While the notice continues in effect the licensee shall procure the preparation of and shall deliver to the Authority audited group accounts for its group of companies for each financial year.
4. Audited group accounts produced in accordance with paragraph 3:
 - (a) shall comprise consolidated group accounts in respect of the group of companies;
 - (b) shall, save insofar as is necessary to reflect a different financial year, have the same form and content as the statutory accounts of the licensee;
 - (c) shall be accompanied by a report by the auditors and addressed to the Authority stating whether in their opinion the audited group accounts have been properly prepared in accordance with this condition and give a true and fair view of the state of affairs of the group of

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companies and of its profits or losses, total recognized gains or losses and cash flows during the financial year;

- (d) may, with the prior written consent of the Authority, omit or provide in a different form, specified in the consent, such information as may be specified in the consent; and
 - (e) shall clearly disclose any differences between the accounting policies underlying the preparation of the statutory accounts of the licensee and the accounting policies underlying the preparation of the audited group accounts.
5. The licensee may, for the purpose only of its statutory accounts, change its financial year from that previously notified by sending to the Authority a new notice pursuant to paragraph 1. Where the licensee sends the Authority a new notice the previous notice shall be revoked, as provided by sub-paragraph 2(b). The licensee's financial year-end will change with effect from the date specified in the new notice. The new notice shall specify the licensee's new financial year-end.
6. No provisions of this condition shall apply to the financial year of the licensee as defined in standard condition 1 (Definitions and Interpretation) for the purpose of accounts produced in compliance with standard condition 30 (Regulatory Accounts). No provisions of this condition shall affect the licensee's obligations in respect of payment of licence fees under standard condition 3 (Payments by the Licensee to the Authority).

Condition 31. Supply Point Information Service

1. The licensee shall establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of, an information service (the “Supply Point Information Service”).
2. The licensee shall ensure that the Supply Point Information Service fulfils, for all premises connected to the licensee’s pipe-line system, including secondary sub-deduct premises, the following functions:
 - (a) the maintenance of a register containing the data set out in paragraph 3 (“relevant data”);
 - (b) the amendment of relevant data to reflect changes of supplier in respect of any such premises;
 - (c) in respect of domestic customers or persons acting on their behalf, other than gas shippers or their agents, the provision, in a timely and efficient manner, of such of the relevant data as is referred to in sub-paragraphs 3(a)(iii), 3(b)(iii) and 3(b)(iv) as is reasonably required and requested by that person;
 - (d) in respect of the following applicants:
 - (i) any relevant gas shipper or agent thereof;
 - (ii) any person identified in the Network Code as an appropriate person for the receipt of data for balancing and change of supplier purposes; and

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- (iii) any customer (other than a domestic customer) of a gas supplier or person acting on his behalf entitled to such data for the purpose of facilitating changes of supplier in respect of that customer's premises;

the provision, in a timely and efficient manner, of such of the relevant data as is reasonably required and requested by the applicant;

- (e) the maintenance of an enquiry service for the provision to any customer of a gas supplier, on request and free of charge at the point of use to domestic customers, of such of the relevant data in respect of the supply of gas to premises which are (or which are about to be) owned or occupied by that customer; and
- (f) the taking of such steps as will in the opinion of the licensee secure adequate publicity for the operation of the enquiry service mentioned in sub-paragraph 2(e).

3. The data referred to in sub-paragraph 2(a) above is:

- (a) such technical and other data as is necessary to facilitate supply by any gas supplier to any premises connected to the licensee's pipe-line system, including secondary sub-deduct premises, and to meet the reasonable requirements of gas shippers in respect of such premises for information for balancing and change of supplier purposes, including (where so required):
 - (i) the identity of the gas shipper responsible under the Network Code for the supply point at such premises;
 - (ii) the type of metering equipment installed at each such premises where the licensee has been supplied with details of such

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equipment; and

- (iii) a unique and accurate address of each such premises so far as is reasonably practicable, having regard to the nature and source of the information provided to the licensee; and
- (b) such information which is in the possession of the licensee as may be necessary and which is reasonably required for the purpose of –
- (i) managing the supply of gas to the premises of the customer;
 - (ii) assessing the accuracy of those components of the charges relating to the conveyance of gas to such premises which are specific to the premises of that customer;
 - (iii) enabling that customer to contract with another supplier for the supply of gas; or
 - (iv) identifying the supplier to the customer's premises.
4. In fulfilling its obligation in accordance with paragraph 1 the licensee shall not restrict, distort or prevent competition in the provision of meter services or gas supply.

SECTION C. TRANSPORTATION SERVICES OBLIGATIONS

Condition 32. Interpretation of Section C

1. In this Section of the standard conditions, unless the context otherwise requires:

- “permitted purpose” means the purpose of all or any of the following:
- (a) the transportation business or any other business or activity within the limits of paragraph 4 of standard Condition 43 (Restriction on Activity and Financial Ringfencing);
 - (b) without prejudice to the generality of paragraph (a), any payment or transaction lawfully made or undertaken by the licensee for a purpose within purpose within sub-paragraphs 1(b)(i) to (vii) of standard Condition 47 (Indebtedness).

Condition 33. Designated Registrar of Pipes

1. The Authority may by notice designate the licensee as the Designated Registrar of Pipes in relation to all mains (including mains operated by other gas transporters, and, insofar as the licensee is able to obtain details, by persons exempted from section 5(1)(a) of the Act by section 6A thereof) in an area specified or described and from the date specified in the notice.
2. Paragraphs 3 to 5 shall apply to the licensee where it has been given a notice under paragraph 1
3. From the date specified in the notice given by the Authority under paragraph 1, the licensee shall establish, operate and maintain or procure the establishment, operation and maintenance of a service to be known as the Main Administration Service.
4. The licensee shall ensure the Main Administration Service, within the area specified or described in the notice given by the Authority under paragraph 1, fulfils the following functions:
 - (a) the receipt and processing of data provided, in a form and format reasonably specified by the licensee and approved by the Authority, by gas transporters (including itself) and exempt persons mentioned in paragraph 1 to the Designated Registrar of Pipes pursuant to standard condition 5A (Information to be Provided to the Designated Registrar of Pipes);
 - (b) the recording of the data so received and processed in the form (to be approved by the Authority) of a register of all mains notified pursuant to standard condition 5A (Information to be Provided to the Designated Registrar of Pipes) in the said area;

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- (c) the maintenance of an enquiry service to provide on request to any person, on payment by the person making the enquiry to the licensee of a fee equal to the reasonable cost to the licensee of complying with the request, a plan showing whether any main operated by any gas transporter or any exempt person mentioned in paragraph 1 is, according to the data received pursuant to standard condition 5A (Information to be Provided to the Designated Registrar of Pipes), situated within 23 metres of the proposed location of a main which the person making the enquiry is considering laying and if there is any such main according to the data received pursuant to standard condition 5A (Information to be Provided to the Designated Registrar of Pipes), all the data in the register relating to that main.
- 5 In fulfilling its obligation in accordance with this condition the licensee shall not restrict, distort or prevent competition in a market for the provision of connections by any person pursuant to section 10 of the Act.

Condition 34.

Not used

Condition 35.

Not used

Condition 36.

Not used

Condition 37.

Not used

Condition 38. Availability of Data Formats

1. Where the licensee uses standard file formats for transferring data, for any purposes set out in the licensee's Network Code, between any persons identified in such Network Code as appropriate persons for the receipt of the data, it shall make those standard file formats and associated definitions of data items available, free of charge, to shippers and other gas transporters for their use in connection with their licensed activities.

Condition 39. Restriction on Use of Certain Information and Independence of the Transportation Business

1. Subject to paragraph 2, the licensee shall use its best endeavours to secure that:
 - (a) no information relating to, or derived from, its transportation business is disclosed for the benefit of any trading business conducted by the licensee or any such person as is mentioned in paragraph 5; and
 - (b) no information derived from its transportation business is used for the purposes of any trading business conducted by the licensee or (so far as the licensee has powers in that behalf) of a trading business conducted by any such person as is mentioned in paragraph 5.

2. Paragraph 1 shall not apply in so far as:
 - (a) the Authority so consents;
 - (b) a gas shipper or gas supplier has, for the purposes hereof, consented in writing to the use or disclosure of information relating to that shipper or supplier;
 - (c) it is necessary or expedient that the information be used or disclosed to enable such a person as is mentioned in paragraph 5 to enter into arrangements for the connection of a facility for the storage of gas to the pipe-line system of the licensee or to enter into transportation arrangements with the licensee or to give effect to such arrangements;
 - (d) the information has been published or is required to be disclosed as mentioned in paragraph 1(a) in pursuance of any other standard condition of this licence;

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- (e) the information (otherwise than in consequence of a contravention of any standard condition of this licence) is in the public domain; or
 - (f) it is information of the kind to which sub-paragraphs (b) to (d) above refer and is disclosed to persons acting on behalf of the licensee engaged in a trading business of the type described in sub-paragraph 3(b) below.
3. In this condition “trading business” means:
- (a) activities connected with the acquisition and disposal of gas in Great Britain;
 - (b) activities connected with the storage of gas at an offshore storage installation or storage cavities in natural strata; or
 - (c) activities connected with arranging with a gas transporter for gas to be introduced into, conveyed by means of or taken out of a pipe-line system operated by that transporter, other than:
 - (i) such activities relating to gas intended for consumption outside Great Britain as are designated for the purposes of this condition by the Authority; or
 - (ii) in the case of the licensee, such activities in connection with either the efficient operation of its pipe-line system or the replacement of gas lost from that system.
4. In this condition “transportation business” includes storage arrangements, and in subparagraph 2(c) “transportation arrangements” includes storage arrangements.
5. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in storage facilities and its view on that question, considers it appropriate that this condition should be modified by the

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omission of paragraph 4 then the paragraph shall be omitted with effect from a date specified in a notice published by the Authority for that purpose and the reference thereto in the definitions of “transportation arrangements” and “transportation business” in standard condition 1 (Definitions and Interpretation) shall cease to have effect.

6. The persons referred to in paragraphs 1(a) and (b) and 2(c) are:
 - (a) any affiliate of the licensee; and
 - (b) any related undertaking of the licensee.

7. The licensee shall take all reasonable precautions against the risk of failure to comply with paragraph (1) including:
 - (a) restrictions on the communication of information to persons engaged in any trading business conducted by the licensee or any such person as is referred to in paragraph 6;
 - (b) restrictions on access by persons engaged in any trading business conducted by the licensee or any such person as is referred to in paragraph 6 to:
 - (i) premises or parts of premises occupied by persons engaged in the transportation business; and
 - (ii) recorded information relating to the transportation business;
 - (c) the prevention (so far as the licensee can require it) of any person who has ceased to be engaged in the transportation business from being engaged in such a trading business until the expiry of the appropriate period since he ceased to be engaged in the transportation business.

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8. In sub-paragraph 7(c) “the appropriate period” means:
- (a) a period of 3 months, or
 - (b) such shorter or longer period as, following a recommendation by the Compliance Officer (the licensee is required to employ under standard condition 40 (Appointment of Compliance Officer)) the Authority may direct in respect of any person or class of persons.

Condition 40. Appointment of Compliance Officer

1. The licensee shall ensure that:
 - (a) at all times it employs a competent person (hereafter referred to as “the Compliance Officer”) for the purpose of facilitating compliance by the licensee with standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business);
 - (b) it consults the Authority before employing any person as the Compliance Officer; and
 - (c) the Compliance Officer is provided with such staff and facilities as he may reasonably require to perform the tasks assigned to him pursuant to this condition.

2. The licensee shall assign the following tasks to the Compliance Officer –
 - (a) the establishment of procedures, after seeking representations from gas shippers and gas suppliers and after consulting the Authority, for ensuring that the precautions referred to in paragraph 7 of standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business) are effectively complied with;
 - (b) the investigation of any matter which is the subject of a representation made by a gas shipper or gas supplier that the licensee or any such person as is referred to in paragraph 6 of standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business) may be contravening paragraphs 1, 2, or 8 of standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business) obligations or that the procedures established under subparagraph (a) are not being complied with or are defective;

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- (c) the giving of advice to directors and employees of the licensee or any such person as is referred to in paragraph 7 of standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business) for facilitating compliance with paragraph 1 of standard condition 4D (Conduct of Transportation Business), or paragraphs 1 or 7 of standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business) and the procedures established under subparagraph (a) and, in particular, as to whether any information is information to which paragraph 1 of standard condition 39 (Restriction on Use of Certain Information and Independence of the Transportation Business) thereof applies; and
 - (d) the giving of information or advice as to the procedures established under sub-paragraph (a) to any gas shipper or gas supplier requesting it.
3. The licensee shall, as soon as practicable after the end of each financial year, furnish to the Authority and publish in such form and manner as the Authority may direct, a comprehensive report on the Compliance Officer's activities during that year.

Condition 41. Prohibition of Cross-Subsidies

1. The licensee shall ensure that the transportation business shall not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the licensee or of an affiliate or related undertaking of the licensee.

Condition 42. Not used

Condition 43. Restriction on Activity and Financial Ring-Fencing

1. Subject to paragraphs 3 and 4, the licensee shall not conduct any business or carry on any activity other than the transportation business.
2. The licensee shall not, without the prior written consent of the Authority, hold or acquire shares or other investments of any kind except -
 - (a) shares or other investments in a body corporate the sole activity of which is to carry on business for a permitted purpose;
 - (b) shares or other investments in a body corporate which is a subsidiary of the licensee and incorporated by it solely for the purpose of raising finance for the transportation business; or
 - (c) investments acquired in the usual and ordinary course of the licensee's treasury management operations, subject to the licensee maintaining in force, in relation to those operations, a system of internal controls which complies with best corporate governance practice as required (or in the absence of any such requirement recommended) from time to time for listed companies in the United Kingdom.
3. Subject to the provisions of paragraph 2 nothing in this condition shall prevent:
 - (a) any affiliate in which the licensee does not hold shares or other investments or related undertaking from conducting any business or carrying on any activity;
 - (b) the licensee from holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest consistently with the provisions of this licence;

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- (c) the licensee from performing the supervisory or management functions of a holding company in respect of any subsidiary; or
 - (d) the licensee from carrying on any business or conducting any activity to which the Authority has given its consent in writing.
4. Nothing in this condition shall prevent the licensee conducting de-minimis business as defined in this paragraph so long as the limitations specified in this paragraph are complied with.
- (a) For the purpose of this paragraph “ de-minimis business” means any business or activity carried on by the licensee other than the transportation business.
 - (b) The licensee may carry on de-minimis business provided that neither of the following limitations is exceeded, namely:
 - (i) the aggregate turnover of all the de-minimis business of the licensee does not in any period of twelve months commencing on 1 April of any year exceed 2½% of the aggregate turnover of the transportation business as shown by its most recent audited accounting statements produced under paragraphs 2(b)(i) and (c) of standard condition 30 (Regulatory Accounts); and
 - (ii) the aggregate amount (determined in accordance with sub-paragraph (d) below) of all investments made by the licensee in all its de-minimis business does not at any time after the date when this condition takes effect in this licence exceed 2½% of the sum of share capital in issue, share premium and consolidated reserves of the licensee as shown by its most recent audited historical cost financial statements then available.
 - (c) For the purpose of sub-paragraph (b) of this paragraph, “investment” means any form of financial support or assistance given by or on behalf

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of the licensee for the deminimis business whether on a temporary or permanent basis including (without limiting the generality of the foregoing) any commitment to provide any such support or assistance in the future.

- (d) At any relevant time, the amount of an investment shall be the sum of
 - (i) the value at which such investment was included in the audited historical cost balance sheet of the licensee as at its latest accounting reference date to have occurred prior to the date when this condition takes effect in this licence (or, where the investment was not so included, zero),
 - (ii) the aggregate gross amount of all expenditure (whether of a capital or revenue nature) howsoever incurred by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date and
 - (iii) all commitments and liabilities (whether actual or contingent) of the licensee relating to such investment outstanding at the end of the most recently completed accounting reference period.

Condition 44. Availability of Resources

1. The licensee shall at all times act in a manner calculated to secure that it has sufficient management resources, financial resources and financial facilities to enable it –
 - (a) to carry on the transportation business; and
 - (c) to comply with its obligations under this licence and such of its obligations under the Act as apply to the transportation business.

2. The licensee shall submit a certificate addressed to the Authority, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution. Such certificate shall be submitted in June of each year. Each certificate shall be in one of the following terms:
 - (a) “After making enquiries, the directors of the licensee have a reasonable expectation that the licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient financial resources and financial facilities to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”

 - (b) “After making enquiries, the directors of the licensee have a reasonable expectation, subject to the factors set out below, that the licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient financial resources and financial facilities to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate. However, they would like to draw attention to the following factors

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which may cast doubt on the ability of the licensee to carry on the transportation business...”

- (c) “In the opinion of the directors of the licensee, the licensee will not have available to it sufficient financial resources and financial facilities to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”
3. The licensee shall submit to the Authority with that certificate a statement of the main factors which the directors of the licensee have taken into account in giving that certificate.
 4. The licensee shall inform the Authority in writing immediately if the directors of the licensee become aware of any circumstance which causes them no longer to have the reasonable expectation expressed in the then most recent certificate given under paragraph 2.
 5. The licensee shall use its best endeavours to obtain and submit to the Authority with each certificate provided for in paragraph 2 a report prepared by its Auditors and addressed to the Authority stating whether or not the Auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit work.
 6. The directors of the licensee shall not declare or recommend a dividend, nor shall the licensee make any other form of distribution within the meaning of section 263 of the Companies Act 1985, unless prior to the declaration, recommendation or making of the distribution (as the case may be) the licensee shall have issued to the Authority a certificate complying with the following requirements of this paragraph.

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- (a) The certificate shall be in the following form:
- “After making enquiries, the directors of the licensee are satisfied:
- (i) that the licensee is in compliance in all material respects with all obligations imposed on it by standard condition 24 (Provision of Information to the Authority), standard condition 43 (Restriction on Activity and Financial Ring-fencing), standard condition 44 (Availability of Resources), standard condition 45 (Undertaking from Ultimate Controller), standard condition 46 (Credit Rating of Licensee) and paragraph 1 of standard condition 47 (Indebtedness) of the licence; and
 - (ii) that the making of a distribution of [amount] on [date] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this certificate, cause the licensee to be in breach to a material extent of any of these obligations in the future”.
- (b) The certificate shall be signed by a director of the licensee and approved by a resolution of the board of directors of the licensee passed not more than 14 days before the date on which the declaration, recommendation or payment will be made.
- (c) Where the certificate has been issued in respect of the declaration or recommendation of a dividend, the licensee shall be under no obligation to issue a further certificate prior to payment of that dividend where such payment is made within six months of that certificate.

Condition 45. Undertaking from Ultimate Controller

1. The licensee shall procure from each company or other person which is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in the form specified by the Authority that that ultimate controller (“the covenantor”) will refrain from any action, and will procure that any person (including, without limitation, a corporate body) which is a subsidiary of or controlled by, the covenantor (other than the licensee and its subsidiaries) will refrain from any action, which would then be likely to cause the licensee to breach any of its obligations under the Act or this licence. Such undertaking shall be obtained within 7 days of the company or other person in question becoming an ultimate controller and shall remain in force for as long as the licensee remains the holder of this licence and the covenantor remains an ultimate controller of the licensee.

2. The licensee shall:
 - (a) deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with its obligation to procure undertakings pursuant to paragraph 1;
 - (b) inform the Authority immediately in writing if the directors of the licensee become aware that any such undertaking has ceased to be legally enforceable or that its terms have been breached; and
 - (c) comply with any direction from the Authority to enforce any such undertaking;

and shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee or any of the subsidiaries of any such corporate ultimate controller (other than the subsidiaries of the licensee) at a time when –

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- (i) an undertaking complying with paragraph 1 is not in place in relation to that ultimate controller; or
- (ii) there is an unremedied breach of such undertaking; or
- (iii) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 2 of this condition.

Condition 46. Credit Rating of Licensee

1. The licensee shall use all reasonable endeavours to ensure that the licensee maintains at all times an investment grade issuer credit rating.

2. In this condition:

“investment grade issuer credit rating” means –

- (a) a rating of not less than BBB- by Standard & Poor’s Ratings Group or any of its subsidiaries or not less than Baa3 by Moody’s Investors Service, Inc. or any of its subsidiaries or such higher rating as shall be specified by either of them from time to time as the lowest investment grade credit rating; or
- (b) an equivalent rating from any other reputable credit rating agency which, in the opinion of the Authority, has comparable standing in the United Kingdom and the United States of America.

Condition 47. Indebtedness

1. In addition to the requirements of standard condition 29 (Disposal of Assets), the licensee shall not, without the prior written consent of the Authority (following the disclosure by the licensee of all material facts) –
 - (a) create or continue or permit to remain in effect any mortgage, charge, pledge, lien or other form of security or encumbrance whatsoever, undertake any indebtedness to any other person or enter into any guarantee or any obligation otherwise than:
 - (i) on an arm's length basis;
 - (ii) on normal commercial terms;
 - (iii) for a permitted purpose; and
 - (iv) (if the transaction is within the ambit of standard condition 29 (Disposal of Assets)) in accordance with that standard condition;
 - (b) transfer, lease, license or lend any sum or sums, asset, right or benefit to any affiliate or related undertaking of the licensee otherwise than by way of:
 - (i) a dividend or other distribution out of distributable reserves;
 - (ii) repayment of capital;
 - (iii) payment properly due for any goods, services or assets provided on an arm's length basis and on normal commercial terms;
 - (iv) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and made in compliance with the payment condition;
 - (iv) repayment of or payment of interest on a loan not prohibited by subparagraph (a);

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- (vi) payments for group corporation tax relief or for the surrender of Advance Corporation Tax calculated on a basis not exceeding the value of the benefit received; or
 - (vii) an acquisition of shares or other investments in conformity with paragraph 2 of standard condition 43 (Restriction on Activity and Financial Ring- Fencing) made on an arm's length basis and on normal commercial terms;
- (c) enter into an agreement or incur a commitment incorporating a cross-default obligation; or
- (d) continue or permit to remain in effect any agreement or commitment incorporating a cross-default obligation subsisting at the date when this condition takes effect in this licence save that the licensee may permit any cross-default obligation in existence at that date to remain in effect for a period not exceeding twelve months from that date, provided that the cross-default obligation is solely referable to an instrument relating to the provision of a loan or other financial facilities granted prior to that date and the terms on which those facilities have been made available as subsisting on that date are not varied or otherwise made more onerous.
- (e) the provisions of sub-paragraphs (c) and (d) shall not prevent the licensee from giving any guarantee permitted by and compliant with the requirements of subparagraph (a).
- (f) the payment condition referred to in sub-paragraph (b) is that the consideration due in respect of the transaction in question is paid in full when the transaction is entered into unless either:

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- (i) the counter-party to the transaction has and maintains until payment is made in full an investment grade credit rating; or
- (ii) the obligations of the counter-party to the transaction are fully and unconditionally guaranteed throughout the period during which any part of the consideration remains outstanding by a guarantor which has and maintains an investment grade issuer credit rating.

2. In this condition:

“cross-default obligation” means a term of any agreement or arrangement whereby the licensee’s liability to pay or repay any debt or other sum arises or is increased or accelerated or is capable of arising, increasing or of acceleration by reason of a default (howsoever such default may be described or defined) by any person other than the licensee, unless:

- (i) that liability can arise only as the result of a default by a subsidiary of the licensee;
- (ii) the licensee holds a majority of the voting rights in that subsidiary and has the right to appoint or remove a majority of its board of directors; and
- (iii) that subsidiary carries on business only for a purpose within

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paragraph (a) of the definition of permitted purpose.

“indebtedness”

means all liabilities now or hereafter due, owing or incurred, whether actual or contingent, whether solely or jointly with any other person and whether as principal or surety, together with any interest accruing thereon and all costs, charges, penalties and expenses incurred in connection therewith.

Condition 48. Last Resort Supply: Payment Claims

1. This condition sets out the circumstances in which the licensee shall increase its transportation charges in order to compensate any gas supplier (a “claimant”) which claims for losses that it has incurred in complying with a last resort supply direction.
2. The following provisions apply where the licensee receives from a claimant a valid claim for a last resort supply payment.
3. Where the licensee receives a valid claim it shall, during the relevant year, make a consequential increase to its transportation charges during that year which relate to the conveyance of gas to premises (and secondary sub-deduct premises to which gas is conveyed as contemplated by sub-deduct arrangements) to such an extent as it reasonably estimates to be appropriate to secure that such consequential increase in its revenue equals the specified amount.
4. The licensee shall, during, or as soon as practicable after the end of, the relevant year, pay to the claimant, by quarterly or monthly instalments (as specified in the claim), the amount of that consequential increase in revenue mentioned in paragraph 3 to the extent that it does not exceed the specified amount.
5. If the amount paid to the claimant under paragraph 4 is less than the specified amount, the licensee shall in the following financial year –
 - (a) pay to the claimant (in accordance with any directions given by the Authority) the shortfall together with 12 months’ interest thereon; and

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- (b) increase the charges referred to in paragraph 3 during the year following the relevant year to such extent as it reasonably estimates to be appropriate to secure that the consequential increase in its revenue equals the amount of that shortfall together with 12 months' interest thereon.
6. If the amount of the consequential increase mentioned in paragraph 3 exceeds the specified amount, the licensee shall, during the year following the relevant year, decrease the charges referred to in paragraph 3 to the extent that it reasonably estimates to be necessary in order to reduce its transportation revenue for that year by an amount equal to the excess together with 12 months' interest thereon.
7. Any question whether any estimate for the purposes of paragraph 3, 5 or 6 is a reasonable one shall be determined by the Authority.
8. The licensee shall not enter into any transportation arrangements with a gas shipper which do not permit variation of its transportation charges in pursuance of this condition.
9. The provisions of this condition shall have effect notwithstanding that the licensee has not provided any notice required by paragraph 2 of standard condition 4 (Charging of Gas Shippers – General).
10. In calculating the licensee's transportation revenue during any period for the purposes of a price control condition any increase or decrease in revenue attributable to the licensee's compliance with this condition shall be treated as if it had not occurred.
11. The licensee shall prepare, in respect of each year in which it increases or decreases charges in pursuance of paragraph 3, 5 or 6, a statement showing –

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- (a) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 3;
 - (b) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 5;
 - (c) the aggregate amount of the decrease in its revenue resulting from decreases in charges in pursuance of paragraph 6, and
 - (d) in the case of each last resort supply payment, the aggregate payments to the claimant made in respect of the year in question (whenever those payments were made).
12. The licensee shall give the statements referred to in paragraph 11 to the Authority within the first 4 months of the year following that to which they relate.
13. On giving the statement mentioned in paragraph 11(d) to the Authority, the licensee shall publish it in such manner as, in the reasonable opinion of the licensee, will secure adequate publicity for it.
14. Where the licensee receives more than one claim for a last resort payment, this condition (other than sub-paragraphs 11(a), (b) and (c)) shall apply separately as respects each separate claim but in so far as it results in changes to the licensee's transportation charges it shall have the cumulative effect of such separate applications.
15. (a) For the purposes of this condition –
“last resort supply direction” and “last resort supply payment” have, respectively the meanings given to them in standard conditions 29 (Supplier of Last Resort) and 29A (Supplier of Last Resort Supply Payments) of the standard conditions of the gas suppliers licence. “price control condition” means any condition of the licence which places a

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monetary limitation on the transportation charges which may be levied or the transportation revenue which may be recovered by the licensee during a given period;

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

- (i) where the claim was received by the licensee at least 60 days before the beginning of a year, that year; or
- (ii) where the claim was received by the licensee less than 60 days before the beginning of a year, the next year.

“specified amount” means the amount specified on a valid claim together with interest calculated in accordance with paragraph 4;

“valid claim” means a claim for which a claimant has been give a consent by the Authority pursuant to standard condition 29A (Supplier of Last Resort Supply Payments) of the standard conditions of the gas suppliers licence; and

“year” means a period of 12 months beginning with 1st April.

- (b) The interest referred to in sub-paragraph (a) is simple interest for the period commencing with the date on which the claim was received by the licensee and ending with the date which is 61 days before the start of the relevant year, except where that period is of 30 days or less, in which case no interest shall be payable.

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